Post-Secondary Operating Grants in Alberta: An Equity Study

J. Stefan Dupré

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Published by
Alberta Advanced Education, 1987

ISBN 0-7732-0151-3

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UNIVERSITY OF TORONTO

DEPARTMENT OF POLITICAL SCIENCE
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TORONTO, CANADA M5S 1A1

November 20, 1987

Hon. D.J. Russell
Deputy Premier and Minister
of Advanced Education
323 Legislature Building
Edmonton, Alberta

Dear Mr. Minister:

Pursuant to section 3(2) of the Department of Advanced Education Act, you appointed me to act as your Advisor with respect to the equity of the distribution of operating grants among the public board-governed post-secondary educational institutions in Alberta.

I have the honour to submit to you herewith the report of the Equity Study I have conducted.

Yours sincerely,

J. Stefan Dupré

J. Stefan Dupré
Professor

JSD:ej

TERMS OF REFERENCE

A. The Advisor will conduct a study:

1. to assess whether the distribution of operating grants among public board-governed post-secondary educational institutions is fair and equitable, given the current program responsibilities of these institutions;

2. to measure the extent of such inequities as may be identified and propose suitable remedies; and

3. to propose whatever measures may be deemed relevant to ensuring the maintenance of a fair and equitable distribution of operating grants over time.

B. The Advisor will:

1. report on the above to the Minister periodically as required and produce a final report by the Autumn of 1987; and

2. take into consideration the following constraints:

(a) the current role, mandate and programs of the institutions;

(b) current government policy with respect to tuition fees; and

(c) government policy that private donations or grants to match such donations shall not adversely affect the level of operating grants to which an institution is entitled.

C. The Advisor will perform whatever other duties are required of him by the Minister in connection with this study.

EQUITY STUDY HIGHLIGHTS

What is Equity? (Chapter One)

An equitable condition among institutions can be deemed to exist when those in similar situations are treated similarly and those in different situations are treated in a manner that is commensurate with their differences. (Page 3)

Central Finding (Chapter Two)

Such inequities as I can detect are exceptions in a setting where, as a general proposition, those in similar situations are being treated similarly and those in different situations are being treated in a manner commensurate with their differences. (Page 78)

Case-By-Case Dispositions (Chapter Three)

The following upward adjustments should be made in the Supplementary Enrolment Funding already accorded to the following institutions: Athabasca University, $37,500; Mount Royal College, $67,500; and Red Deer College, $52,000. (Page 81)

High priority should be given to a searching examination of computing capacity, costs and services throughout the Alberta post-secondary system. (Page 84)

Consideration should be given to the adoption of a Government policy that would accord explicit recognition to northern costs in the funding of post-secondary institutions. (Page 89)

The Government of Alberta should take cognizance of the recommendations of the March, 1987, Report of the Standing Senate Committee on National Finance concerning the funding of the indirect costs of university research and should pursue the implementation of these recommendations in its relations with the Government of Canada and its own research funding practices. (Page 94)

Case-By-Case Dispositions - continued

Consideration should be given to an upward adjustment of $1 million in the base operating grant accorded to The University of Calgary in retroactive recognition of its emergence in the early 1980's as a full-service, research-oriented university comparable to other major Canadian institutions. (Page 104)

The University of Lethbridge and the Department of Advanced Education should undertake forthwith to negotiate new program grants in the area of Fine Arts; any consequent adjustment in the University's operating support should be taken into account in calculating such further financial recognition as might be accorded to the University's peculiar circumstances as a predominantly undergraduate institution once these circumstances have themselves been clarified by a formal and forward-looking assessment of its curriculum, physical capacity and enrolment configuration. (Page 109)

The Government, in determining the level of operating grants it accords to the Northern Alberta Institute of Technology, the Southern Alberta Institute of Technology and the Alberta College of Art over the next three to five years, should take account of an historical overfunding of NAIT in relation to SAIT of $550,000, and of an historical underfunding of SAIT and Alberta College of Art in relation to NAIT which amounts to $1,760,000 and $140,000 respectively. (Page 120)

Consideration should be given to an upward adjustment of $200,000 in the base operating grant of the Alberta College of Art in order to enable ACA to acquire an administrative infrastructure commensurate with its status and responsibilities as a board-governed public college. (Page 124)

Priority should be accorded to a systematic examination of post-secondary educational needs and resources in northwestern Alberta. (Page 128)

Case-By-Case Dispositions - continued

If Government determines within the next year that its capital grant priorities will not permit Grant MacEwan Community College to own space equivalent to that currently in service at this College's 7th Street Plaza campus, there should be an upward adjustment of $500,000 in the College's operating grant. (Pages 133-134)

Other Recommendations (Chapter Four)

The Minister should consider directing that the Department of Advanced Education, after appropriate consultation, prepare for his expeditious promulgation a revised enrolment counting manual for the common use of all colleges and technical institutes. (Page 144)

Consideration should be given to eliminating current-year enrolment estimates from the calculations involved in managing the Supplementary Enrolment Fund. (Page 145)

Consideration should be given to the Annual Report of the Department of Advanced Education as the appropriate document in which to present (1) the basic rules that govern the distribution of operating grants to board-governed post-secondary institutions and (2) a financial breakdown by principal component of the operating grants received annually by each such institution. (Page 150)

It should be established, as a matter of Government policy, that there shall be an Annual Plenary Meeting of the Minister of Advanced Education with the executive heads of all board-governed post-secondary institutions. (Page 153)

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ACKNOWLEDGEMENTS

My debt to the board-governed post-secondary institutions of Alberta is substantial and will be more fulsomely acknowledged in Chapter One. The enormity of this debt is readily apparent from my repeated references throughout this Study to the institutions' written submissions and to the testimony offered at the hearings by their presidents and other officials.

The officials of the Department of Advanced Education, for their part, not only gave me the fullest cooperation but extended to me every conceivable grace and courtesy. I refer in particular to the three individuals who occupied the office of Deputy Minister during this Study -- Henry Kolesar, Desmond Berghofer and Lynne Duncan -- and to three of their colleagues -- Peter Hill, Rob Rozenhart and Bill Workman. All were unflagging in their help and encouragement. For her part, Ms. Helene Milroy gallantly devoted untold hours to translating my handwriting into successive typewritten drafts with breathtaking speed and awesome accuracy.

Above all, it is with particular warmth and gratitude that I record my indebtedness to Gerald Waisman, who as my Special Assistant guided the conduct of this Study from beginning to end. I can pay no

higher compliment than that which is justly due to Mr. Waisman: he personifies qualities of devotion, initiative and discretion to a degree that epitomizes the public service of this country at its best.

Having acknowledged my indebtedness to others, I properly close with the declaration -- not likely to be challenged -- that I alone am responsible for the content, findings and recommendations of this Study.

J. Stefan Dupré

Chapter One
The Equity Study: Process and Setting

CHAPTER ONE

THE EQUITY STUDY: PROCESS AND SETTING

> "I see greater division today than in any time during my twelve years since I became Vice-President Academic...."[1] Myer Horowitz, President of the University of Alberta.

> "So long as the period of growth continued and institutions were absorbed in the problems of development and expansion, one heard little about inequity in funding allocations: hope conditioned envy. With the commencement of leaner times and scarcer resources, questions are being asked...."[2] Mount Royal College.

> "I think it is not only important but overdue that the issues which we address on a system-wide basis are looked at. The exercise, if nothing else shows us that we don't understand the rules under which we operate, if there are such rules."[3] Norman Wagner, President of The University of Calgary.

These words speak for themselves. They explain why this Equity Study took place. As to why I was the individual selected to conduct the Study, I properly leave the explanation to others, noting only that to choose a Torontonian of Québecois origins was to choose someone sufficiently remote from the Alberta post-secondary scene as to make perceptions of bias unlikely -- at least until the Study was completed!

In this chapter I will outline the process I followed in conducting this Study and consider the basic information that I deem pertinent to the institutional setting in which it was conducted.

THE PROCESS

On March 13, 1987, ten days after my appointment, I wrote to the presidents of all the institutions encompassed by my terms of reference soliciting written submissions on the distribution of the Government's operating grants for post-secondary education. The full text of this letter is reproduced in this volume in Appendix A. In particular, I asked each institution to identify and quantify any characteristics of the existing distribution of operating grants that, in its view, left it in an inequitable position vis-à-vis other institutions. I also asked each institution to express its considered opinion of what measures might be taken to help maintain a fair and equitable distribution of grants in future. So that they could be the subject of public hearings commencing mid-June, all written submissions were due June 1. In the result, every institution gallantly met this two-and-a-half month deadline.

To assist the institutions in the task of identifying whatever they might consider less than equitable about the distribution of post-secondary operating grants, my letter provided a working definition of what would constitute an equitable condition among institutions. This definition is as follows:

> An equitable condition among institutions can be deemed to exist when those in similar situations are treated similarly and those in different situations are treated in a manner that is commensurate with their differences.

Doubtless because it captures the twin precepts of horizontal and vertical equity familiar to every student of public finance, this definition was never at issue, whether in the institutional submissions or at the hearings. It provides the foundation upon which this Study rests.

Shortly after they had received my letter, I met, on April 3, with the presidents of the institutions as a group. It was agreed at this meeting that my Special Assistant, Gerald Waisman, would compile and circulate a data book designed to ensure that those preparing written submissions would have the benefit of (1) common information on the operating and capital grants provided to all institutions for the period spanning 1981-82 to 1987-88; and (2) a common pool of

enrolment, staffing and tuition fee statistics. In undertaking this considerable task, Mr. Waisman liaised with a team composed of representatives from each institution. The names of these institutional officers, whose assistance is gratefully acknowledged, appear in Appendix B.

The product of Mr. Waisman's labours was delivered to the institutions on April 15th. The financial figures contained therein are hard information. Enrolment data for the universities are fully accepted by these institutions; however, the enrolment data for the technical institutes and colleges are the best obtainable but fall short of a desirable state of the art for reasons discussed at the hearings and addressed later in this Study.

The hearings were held on June 17-19 in Edmonton, June 29-30 in Calgary, July 2 in Lethbridge and July 3 in Red Deer; the detailed schedule appears in Appendix C. These were open meetings at which attendance varied from a dozen to fifty or more individuals, a number of them board chairmen or members. In all instances, representatives of a number of institutions other than the one making its scheduled appearance were in the audience and available to answer whatever questions I might pose to them from time to

time. It was, of course, the president of each scheduled institution -- in the case of the Alberta College of Art, the Chairman of its Board -- who bore the brunt of my questions, my frequently argumentative assertions and my (hopefully) occasional displays of total ignorance. I cherish the memory of their grace and patience, to say nothing of the frankness and integrity with which they attempted to answer my questions, counter my arguments and enhance my knowledge.

Verbal transcripts of each hearing were taken by a Court Reporter; the 1,200 pages of these transcripts became my constant companion as July melted into August and the final phase of the Equity Study summoned me to prepare this document.

THE SETTING

It is the good fortune of anyone who wishes to become acquainted with post-secondary education in Alberta that there exists, thanks to Desmond E. Berghofer and Alan S. Vladicka, a cogent and concise history of its development.[4] What now exists is the ongoing legacy of successive generations of Albertans who have invested billions of dollars and countless

hours of voluntary effort to endow their province with what by any Canadian measure is a signal achievement. The public board-governed institutions encompassed by this Study are the dominant but not the sole sources of post-secondary education in Alberta. Their role is supplemented by private colleges, by a network of Alberta Vocational Centres (AVC's) administered directly by the Department of Advanced Education, by Hospital Schools of Nursing, and by assorted private-enterprise training courses. The public board-governed institutions are based in law on four statutes of the Alberta Legislature: the Universities Act, the Colleges Act, the Technical Institutes Act and the Banff Centre Act. The Banff Centre for Continuing Education is a highly specialized operation that bears no statistical comparison to any other part of the Alberta post-secondary system, and is encompassed by my terms of reference only because it is board-governed and its provincial support is administered by the Department of Advanced Education.

The Universities

The four universities that draw their statutory existence from the Universities Act are the University of Alberta, created in 1906; The University of Calgary, established in 1966 on the foundation laid

by the University of Alberta at Calgary; The University of Lethbridge, created in 1967; and Athabasca University, created in 1970 and relocated from Edmonton to Athabasca in 1980. The Universities of Alberta and Calgary, with full-time equivalent (FTE) enrolments in 1986-87 of 27,650 and 19,638 respectively, are major centres of higher education and research in the humanities and in the social, physical and life sciences and their associated professions. They are home to scholars and scientists of national and indeed world renown. As the original provincial university, the University of Alberta houses the second largest research library in Canada. The University of Lethbridge, with 3,400 FTE students, is a distinctive undergraduate institution anchored in the core disciplines of the Arts and Sciences, and Education.

Athabasca University is uniquely distinguished by its mandate as an open-admission, distance-learning institution. Never considering itself the whole answer to the enormously variegated needs of its students, Athabasca has developed multiple links with a network of some seventy institutions that includes not only the colleges but AVC's, regional libraries, native bands and reformatories.[5] Notably from the standpoint of accessibility, Athabasca University serves not only

isolated communities but the needs of a substantial urban student clientele; indeed, 65 percent of its students are urban. Also noteworthy are the following characteristics of its student body: 73 percent are between the ages of 25 and 44, 63 percent are female and 10 percent are full-time homemakers.[6]

The Public Colleges

The eleven public colleges served an FTE student enrolment of 23,595 in 1985-86. Their origins vary. Five were originally created as public colleges, called junior colleges at the time they were founded. They are Lethbridge (1957), Red Deer (1964), Medicine Hat (1965), Grande Prairie (1966) and Grant MacEwan (1966, located in Edmonton). Mount Royal in Calgary was originally established as a private college in 1910 and converted to a public college in 1966. Four colleges, Fairview, Keyano, Lakeland and Olds, were originally Provincially Administered Institutions, that is to say field agencies of what in 1972 became the Department of Advanced Education. All four were converted into board-governed public colleges in 1978. The eleventh college, the Alberta College of Art in Calgary, was long an integral part of the Southern Alberta Institute of Technology and became a board-governed public college in its own right in 1985.

The Alberta College of Art (ACA) is unique among the public colleges in that its mandate is exclusively in the fine arts and it offers four-year as distinct from two-year diploma programs. The only institutions with which ACA can be compared, at least in English Canada, are the Nova Scotia School of Art and Design in Halifax, the Ontario College of Art in Toronto, and Emily Carr College in Vancouver.[7]

Table 1.1, which depicts as of 1985-86 the percentage shares of FTE enrolment in the public colleges by major program category, presents a scene of notable institutional differentiation. With ACA always constituting the clear exception, only business programs consistently account for a substantial share of enrolment, running from 12.3 to 23.7 percent in each of the colleges. Health programs, mainly in nursing, account for 9.7 to 39.5 percent of enrolment at seven colleges. For their part, Academic Upgrading programs are a significant component (12.7 to 29.5 percent) at seven colleges. Agriculture programs are dominant at Olds (68.4 percent) and consequential only at Fairview, Lakeland and Lethbridge (18.8, 18.3 and 10.7 percent respectively).

University Transfer programs providing the first two years of University-level education loom very

TABLE 1.1
PUBLIC COLLEGES
FTE ENROLMENT IN MAJOR PROGRAM CATEGORIES
% SHARE OF INSTITUTIONAL TOTAL
1985-86

Institution	Total FTE	University Transfer	Business	Health	Trades & Technology	Agriculture	Apprenticeship	Upgrade	Fine Arts	Other
Alberta College of Art	630	—	—	—	—	—	—	—	100.0%	—
Fairview College	935	—	12.3%	—	18.3%	18.8%	13.3%	29.5%	—	7.8%
Grande Prairie Regional College	1,352	37.2%	19.9%	9.9%	7.2%	—	—	20.2%	2.5%	3.1%
Grant MacEwan Community College	3,940	6.0%	19.9%	39.5%	—	—	—	3.5%	15.0%	16.1%
Keyano College	1,038	14.0%	20.6%	9.7%	14.8%	—	10.1%	24.8%	—	6.0%
Lakeland College	1,365	3.7%	23.7%	3.4%	19.9%	18.3%	7.5%	14.9%	—	8.6%
Lethbridge Community College	2,958	—	17.4%	14.9%	11.5%	10.7%	3.7%	26.6%	—	15.2%
Medicine Hat College	1,866	25.6%	19.2%	11.3%	9.2%	0.8%	2.6%	18.4%	4.6%	8.3%
Mount Royal College	5,077	38.7%	20.0%	25.8%	7.8%	—	—	1.9%	1.4%	4.4%
Olds College	984	—	18.5%	—	—	68.4%	5.2%	2.6%	—	5.3%
Red Deer College	3,450	42.8%	15.5%	16.0%	4.3%	—	5.5%	12.7%	1.8%	1.4%
Total Enrolment	23,595									

SOURCE: Institutional Enrolment by program as submitted to the Department of Advanced Education.

large at Red Deer (42.8 percent), Mount Royal (38.7), Grande Prairie (37.2) and Medicine Hat (25.6). They are consequential at Keyano (14.0 percent). For the rest, it is necessary to distinguish between University Transfer Programs as such and individual courses for which universities give credit and that may be offered as University Transfer packages. Such packaging accounts for the 6.0 percent of enrolment in University Transfer at Grant MacEwan College. Lakeland indicates 3.7 percent of its enrolment in University Transfer; the blanks recorded at Fairview, Lethbridge and Olds indicate both the absence of a program and of packaged courses for which university credit may be given.

Enrolment in the Trades and Technology and the Apprenticeship sectors has been very much influenced by an important Government policy adopted in 1980. Initiating what came to be known as the Regional Expansion Thrust,[8] Cabinet decided that there should be an appreciable decentralization of trade and apprenticeship programs thus far offered almost exclusively by the technical institutes. Hitherto among the colleges, only Keyano with its main campus in Fort McMurray, had a specific apprenticeship mandate, this in the domain of heavy equipment, for example, crawler operations, tractor trailer operations,

caterpillars, graders and the like.[9] There was trades training at Fairview and Lakeland, and traces of apprenticeship in three or four other colleges. The Regional Expansion Thrust had a very substantial impact on the trades and apprentice capacity of Fairview, Lakeland, Lethbridge, Medicine Hat and Red Deer Colleges. Notwithstanding the decline in demand for apprenticeship training that followed the peaking of the energy boom in 1982, enrolment in trades and technology and apprenticeship programs, as evidenced by Table 1.1, has remained appreciable in all these colleges.

A final phenomenon, of long standing in the urban regions of Calgary, Edmonton and Lethbridge, and also apparent in northwestern Alberta, helps to explain the different enrolment patterns exhibited by certain colleges. In Calgary, Mount Royal's origins as a private junior college coupled with the presence of the Southern Alberta Institute of Technology, explain this College's high enrolment in University Transfer, its low trades and technology enrolment and the absence of apprenticeship. In Edmonton, the presence of the Northern Alberta Institute of Technology accounts for the absence of trades and technology and of apprenticeship enrolment at Grant MacEwan, whose low University Transfer enrolment is accounted for in turn by the

continuing importance in that city of private colleges. In Lethbridge, the existence of the undergraduate-based University of Lethbridge obviates the need for a University Transfer program at Lethbridge Community College. Finally, in northwestern Alberta, there has existed since 1978, not without some controversy in the community, an inter-board agreement between Fairview College and Grande Prairie College. This agreement, renewed with minor wording changes in 1981 and 1983, gives Fairview the apprenticeship training mandate for the region and Grande Prairie the University Transfer mandate.[10] One implication of this agreement is that in the northwest, the Regional Expansion Thrust left its imprint at Fairview only.

The Technical Institutes

Alberta's three technical institutes operate under the Technical Institutes Act of 1981. Westerra Institute of Technology, in Stony Plain, was created as a board-governed institution in 1982, is currently under an Administrator appointed by the Lieutenant Governor in Council, and is properly excluded from this Equity Study at its own request and in light of its unique circumstances at the present time.[11]

The two technical institutes that are material to this Study are the Northern Alberta

Institute of Technology (NAIT) in Edmonton and the Southern Alberta Institute of Technology (SAIT) in Calgary. SAIT is by far the older of the two, having been established as the Provincial Institute of Technology and Art in 1916. NAIT had its beginnings in 1960, at which time SAIT acquired its present name.

Both NAIT and SAIT were Provincially Administered Institutions until 1982. As such, they were field agencies of the Department of Advanced Education in a line relationship through the Deputy Minister to the Minister, and staffed by instructional and administrative personnel who were classified civil servants. The conversion of NAIT and SAIT into board-governed institutions was decided upon as a matter of Government policy. Pursuant to the Technical Institutes Act, the degree of autonomy they possess under board governance is essentially similar to that granted to board-governed colleges in all material respects except one: the institutes are mandated to deliver apprenticeship training as prescribed by the Government. This legally mandated role is in line with their historical mission as government field agencies that were assigned a near-exclusive responsibility for apprenticeship.

As measured by their FTE enrolment in

1985-86, NAIT and SAIT, with counts of 8,564 and 7,547 respectively, are the third and fourth largest post-secondary institutions in Alberta. Table 1.2 depicts the percentage shares of FTE enrolment at NAIT and SAIT using the same major program categories as were used to compare the public colleges in Table 1.1. As a general proposition, it can be said from Table 1.2 that NAIT and SAIT, broadly speaking, are similar. It should be noted that the separation from SAIT of the Alberta College of Art in 1985 contributed to this broad similarity. For comparative purposes, NAIT and SAIT prefer a measure called the Student Contact Period (SCP) to FTE counts. Table 1.3 compares the two technical institutes on an SCP basis. Again the picture is one of broad similarity. To be sure, NAIT and SAIT are anything but identical; by examining individual program titles -- admittedly an unreliable yet far from invalid indicator of differences -- I consider that about a quarter of each technical institution's programs are peculiar to that institution.

As for differences between NAIT and SAIT on the one hand, and the public colleges on the other, comparing the data in Tables 1.2 and 1.1 reveals little

TABLE 1.2
TECHNICAL INSTITUTES
FTE ENROLMENT IN MAJOR PROGRAM CATEGORIES
% SHARE OF INSTITUTIONAL TOTAL
1985-86

Institution	Total FTE	University Transfer	Business	Health	Trades & Technology	Agriculture	Apprenticeship	Upgrade	Fine Arts	Other
NAIT	8,564	—	20.6%	6.8%	36.0%	1.9%	14.9%	4.5%	—	15.3%
SAIT	7,547	—	15.6%	4.6%	47.0%	0.3%	10.7%	1.6%	0.9%	19.3%
Total Enrolment	16,111									

SOURCE: Institutional Enrolment by program as submitted to the Department of Advanced Education.

TABLE 1.3
NAIT AND SAIT
STUDENT CONTACT PERIOD COMPARISON
1985–86

	NAIT	% of Total	SAIT	% of Total
Full-Time Programs				
Health and Medical	653,390	8.3	243,927	2.9
Business	1,133,431	14.4	806,988	9.6
Applied Arts	650,802	8.3	1,215,521	14.4
Engineering Technology	2,469,673	31.4	3,138,420	37.3
Physical Education	147,020	1.9	—	—
Services and Others	260,048	3.3	31,812	0.4
Sub-Total	5,314,364	67.5	5,436,668	64.6
Apprenticeship	1,407,867	17.9	985,001	11.7
Part-Time Programs				
Credit	450,764	5.7	1,169,859	13.9
Business/Industry	702,247	8.9	386,931	4.6
Non-Credit	—	—	324,924	3.9
Emergency Medical Technical Aide	—	—	116,160	1.4
Library and Information Technology Distance Education	—	—	1,730	0.1
Sub-Total	1,153,011	14.6	1,999,604	23.7
TOTAL	7,875,242	100.0	8,421,273	100.0

SOURCE: NAIT, Equity Study Submission, Table 1.2 and 2.1, and comparable data provided by SAIT.

NOTE: Student Contact Periods have been adjusted between various program clusters but sub-totals and total remain as presented.

by way of clear contrasts. True, University Transfer programs at NAIT and SAIT are notable by their absence, but the same can be said of Fairview, Lethbridge and Olds, and almost the same of Grant MacEwan and Lakeland. The mix of business program enrolment at NAIT and SAIT, 20.6 and 15.6 percent of total FTE respectively, coincides with the range found in the colleges. The enrolment share displayed by Health programs is lower at NAIT and SAIT than in most colleges; that for apprenticeship is higher but with Keyano and Fairview providing notable exceptions (10.1 and 13.3 percent respectively vs. NAIT's 14.9 and SAIT's 10.7 percent). Only in the Trades and Technology area is there a clear contrast; these programs' enrolment shares at SAIT (47.0 percent) and NAIT (36.0 percent) outrun those at the most technology-oriented colleges: Lakeland (19.9), Fairview (18.3), Keyano (14.8) and Lethbridge (11.5).

At this juncture it becomes important to bear in mind that the data on which all of the above comparisons are based are for the year 1985-86, six years after the Government adopted the policy already described in this chapter as the Regional Expansion Thrust. By explicit design, this policy sought to

decentralize accessibility to trade, technological and apprenticeship programs into all of Alberta's regions. Its intended by-product, therefore, was to make NAIT and SAIT less distinct from the colleges than they had been prior to its adoption. Furthermore, in the domain of apprenticeship, events that transpired after the Regional Expansion Thrust was implemented reinforced the ebbing distinctiveness of NAIT and SAIT. In 1982, at the peak of the energy boom, the Province of Alberta, with about 10 percent of Canada's population, was training one quarter of the country's apprentices, 90 percent of this large fraction at NAIT and SAIT.[12] Double- and, indeed, triple-shifting to meet the demand for apprenticeship training, NAIT and SAIT operated if anything at more than full capacity as the Regional Expansion Thrust opened yet more training places elsewhere to keep up with the demand.

With the economic downturn, however, demand for apprenticeship tumbled. Table 1.4 traces this precipitous decline, comparing the apprentice enrolments (by head, not FTE, counts) that prevailed at the technical institutes and the colleges in 1981-82 and 1985-86. Whereas enrolment at NAIT and SAIT fell by 54.8 percent, from 18,402 to 8,326, enrolment in the public colleges as a group declined by only 8.8

TABLE 1.4
PUBLIC COLLEGES AND TECHNICAL INSTITUTES APPRENTICESHIP ENROLMENT
1981-82 AND 1985-86

Institutions	1981-82	1985-86	Increase (Decrease)
Public Colleges			
Fairview College	453	406	(10.4%)
Grande Prairie Regional College	—	—	—
Grant MacEwan Community College	—	—	—
Keyano College	427	394	(7.7%)
Lakeland College	502	382	(23.9%)
Lethbridge Community College	617	363	(41.2%)
Medicine Hat College	311	169	(45.7%)
Mount Royal College	—	—	—
Olds College	128	172	34.4%
Red Deer College	438	736	68.0%
Total Colleges	2,876	2,622	(8.8%)
Technical Institutes			
NAIT	10,821	5,091	(53.0%)
SAIT	7,581	3,235	(57.3%)
Total Institutes	18,402	8,326	(54.8%)

SOURCE: Grant MacEwan Community College Equity Study Submission, page 7.

percent, from 2,876 to 2,622. It was reported to me at the hearings that the much lower enrolment decline in the colleges is the product of deliberate decisions by the Departments of Advanced Education and of Career Development and Employment. Because of the smaller scale of the apprenticeship programs in the colleges, to have scheduled declines in the number of their apprentices proportional to the declines at NAIT and SAIT would have left the college programs below the level of viability.[13]

The preceding contrast between technical institutes and colleges in apprenticeship enrolment aside, it remains a fact that NAIT and SAIT differ from the colleges because the Technical Institutes Act mandates their role in apprenticeship training. They must, by law, accept whatever number of apprentices is scheduled by the Department of Career Development and Employment. A noteworthy consequence, especially in a setting of enrolment decline, is that NAIT and SAIT cannot fully redistribute resources away from apprenticeship and into training sectors in which enrolment demand is rising. They must maintain a capacity to gear up, on nine months' notice, for otherwise unforeseeable levels of apprenticeship training; they must also provide classes when even

minimal numbers of apprentices have been scheduled (e.g., provide training for six students in a class that could take 25).[14] The upshot, in the words of NAIT's president, is "a freezing of resources over which (NAIT and SAIT) have little control".[15]

All this being so, it turns out nonetheless that the contrast in apprenticeship between the technical institutes and the colleges is not absolute but more a matter of degree. Although the colleges are not mandated by law to take the number of apprentices scheduled for them, they must live with a decided expectation on the part of Government, an expectation whose force can be likened to what central bankers call "moral suasion", that they will maintain a responsive apprenticeship capacity.[16]

If I am at pains to discern the differences that exist between the technical institutes and the public colleges, this is because the nature of these differences is relevant to a study that must probe the extent to which similar institutions are treated similarly. That the universities within the Alberta post-secondary setting constitute a sub-set of institutions so distinctive that it brooks virtually no comparison with the institutes or the colleges is accepted. The question is whether the technical

institutes and the colleges in turn constitute inherently distinctive sub-sets.

On the basis of the above considerations, I must answer this question in the negative. The difference between legally mandated and morally suaded responsibilities is, in my judgement, not fundamental; it is one of degree. Data comparisons that reveal higher enrolment shares in trades and technology programs at the institutes signify to me differences in program mix, not a distinctive sub-set of institutions. I accept other differences as well: thus, for example, institute health programs do not encompass nursing but instead the laboratory and capital-intensive training required for such nationally certified occupations as medical laboratory, x-ray and respiratory technicians; the institute range of capital-intensive engineering technology programs is distinctively broad. These may be consequential differences but they are again differences in program mix, not differences that denote fundamentally distinctive types of institutions.

Finance

Turning from the institutional to the financial dimension of the post-secondary setting, the Alberta scene -- as everywhere else in Canada --

features a dominant provincial role. Tuition fees are Government-regulated pursuant to a policy whose guidelines, adopted in 1982, distinguish the universities on the one hand from the technical institutes and public colleges on the other.[17] In the universities the guidelines stipulate that the tuition fee levels set by the boards must represent a minimum of 9 and a maximum of 12 percent of each institution's net budget operating expenditure. Among the universities, fees for equivalent programs may not vary by more than 20 percent. In the colleges and technical institutes, which are encompassed as a group, the guidelines recommend that tuition fee levels be adjusted annually by an amount that is plus or minus 5 percent of the annually determined Price Adjustment Factor in Government grants. Fees for similar programs may not differ by more than 10 percent from one college to another or from one technical institute to another.

Government tuition fee policy stipulates that prior to the commencement of any fiscal year, the Minister may suspend any of the guidelines and substitute alternative provisions. Due to fiscal stringency, operating grants to all institutions for 1987-88 were reduced by 3 percent (in effect, a

negative Price Adjustment Factor). In the circumstances, the Minister stipulated that all boards would be free to adjust their tuition fee levels for 1987-88 by amounts of up to 10 percent.

For the latest year in which audited tuition fee revenues are available, 1985-86, Table 1.5 outlines the most salient features of institutional revenue. In that year, tuition fees represented 11.6 percent of the combined operating grant and fee revenues of $718.0 million. Table 1.5 shows that the provincial operating grants, the equity of whose distribution is the subject of this Study, totalled $634.8 million, and indicates that another $122.0 million was awarded in capital grants. Of the latter amount, the $60.5 million labelled in Table 1.5 as Formula Funding warrants particular mention.

Speaking from my own experience, this funding represents a Government policy toward the replacement and upgrading of furniture and equipment, building renovation, and site and utility maintenance that can justly be called enlightened. All post-secondary institutions share in this funding pursuant to a formula which, among other factors, is sensitive to the replacement value of furnishing and equipment inventories, the age and ownership status of buildings,

TABLE 1.5
MAJOR REVENUE COMPONENTS, BOARD GOVERNED INSTITUTIONS
1985-86 (millions)

Total Provincial Operating Grants[1)]	$634.8
Tuition Fee Revenues[1)]	$ 83.2
Tuition Fee Revenue as % of Provincial Operating Grants and Tuition Fee Revenues	11.6%
Capital Formula Funding[2)]	$ 60.5
Other Capital Grants[2)]	$ 61.5

SOURCE: 1) 1985-86 Audited Financial Statements. Universities, Public Colleges and Technical Institutes.
2) 1985-86 Ministerial Capital Grant Letters. Universities, Public Colleges and Technical Institutes - Reference Data Book.

and designated repair levels involving surface improvements, mechanical systems and electrical systems. Because this formula funding is considered a capital rather than an operating item, it lies outside my terms of reference. Nonetheless, two institutions, the University of Alberta and the Alberta College of Art, raised concerns in their submissions to me that have a bearing on the equity of funding. In the circumstances, I shall acknowledge these submissions when I consider the cases brought forward by the institutions in Chapter Three of this Study. Before outlining these cases and the particular dispositions I propose, I turn in Chapter Two to a general examination of the equity of operating grants.

FOOTNOTES, CHAPTER ONE

1. Equity Study Hearings, University of Alberta Transcript, p. 2.

2. Mount Royal College, Equity Study Submission, p. 13.

3. Equity Study Hearings, University of Calgary Transcript, p. 2.

4. Desmond E. Berghofer and Alan S. Vladicka, Access to Opportunity 1905-80: The Development of Post-Secondary Education in Alberta, Alberta Advanced Education and Manpower, 1980.

5. Equity Study Hearings, Athabasca University Transcript, pp. 41-42.

6. Athabasca University, Equity Study Submission, pp. 18-20.

7. Equity Study Hearings, Alberta College of Art Transcript, p. 2.

8. Equity Study Hearings, Lakeland College Transcript, pp. 27-30; other discussions of the Regional Expansion Thrust are recorded in transcripts for most colleges.

9. Equity Study Hearings, Keyano College Transcript, pp. 17-18.

10. Equity Study Hearings, Fairview College Transcript, pp. 24-34; Grande Prairie College Transcript, pp. 16-24.

11. Equity Study Hearings, Westerra Transcript, pp. 1-5.

12. Equity Study Hearings, NAIT Transcript, pp. 15-16.

13. Equity Study Hearings, Lethbridge Community College Transcript, pp. 21-22.

14. Equity Study Hearings, NAIT Transcript, pp. 18-19.

15. Ibid, p. 19.

16. Equity Study Hearings, Lethbridge Community College Transcript, pp. 25-27.

17. Alberta Post-Secondary Education Tuition Fee Policy, Legislative Services, Alberta Advanced Education, April 22, 1985.

Chapter Two
The Distribution of Operating Grants: Rules and Their Application

CHAPTER TWO

THE DISTRIBUTION OF OPERATING GRANTS: RULES AND THEIR APPLICATION

One of the quotations with which I opened Chapter One cites President Wagner of The University of Calgary as stating that the exercise undertaken in this Equity Study "shows us that we don't understand the rules under which we operate, if there are such rules". In this Chapter, I address the content and the application of these rules as they have evolved since the mid-nineteen seventies. I have determined that the middle of the last decade is the appropriate starting point because the year 1976 brought important modifications to the manner in which the Government of Alberta chose to distribute its operating grants to the universities and colleges. (Because NAIT and SAIT remained field agencies of the Department of Advanced Education, their funding was a matter of internal Government budgetary processes until 1982).

To the extent that there is validity to the claim that the rules governing the distribution of operating grants have not been understood (perhaps "assimilated" would be a better choice of words), this is in part because the invigorating climate of rapid institutional growth and fiscal affluence that

prevailed until recently focused attention on far more exciting matters: the development in Alberta of a post-secondary system that I have already described as a signal achievement. Such an environment did not obviate the formulation of various rules; it did, however, obviate any perceived need to codify them in a convenient and readily accessible document. As for rule application, the rationales that were formulated were not seen as having been disseminated in any systematic fashion. Rationales might be provided to each institution in its annual grant letter from the Minister but often remained privy, along with the financial numbers contained in the grant letter, to the institution to which the letter was addressed.

The determinations which I make in this Chapter must perforce be based on a variety of sources. These include searches through numerous grant letters and other documents, perceptions I solicited in the course of the hearings, interviews with present and past Department officials, and various statistical exercises. In the circumstances, I have found it readily possible to discern what turns out to be a relatively simple set of rules and to explore the quantitative dimension of their application. I can then come to grips with the following key question:

Has the thrust of these rules been such as to approximate an equitable condition among institutions?

DISCERNING THE RULES

Although there is a substantial overlap in the rules governing the distribution of operating grants to the universities, the public colleges and the technical institutes, clarity of exposition is best served by considering the universities as one set of institutions and the public colleges and technical institutes as another. I proceed to do so, acknowledging that clarity is being purchased at the cost of repetition.

The Universities

As I have stated, the year 1976 offers the appropriate starting point for discerning the rules that have shaped the distribution of operating grants. Until that year the universities, except for the then nascent Athabasca University, were funded in accordance with an enrolment-driven formula based on the number of weighted enrolment units at each university. The number of units in any given university was calculated by taking the FTE student enrolment in each of its programs and multiplying that enrolment by a

corresponding program weight. Each particular weight, standard for all universities, was a proxy for the different costs of different programs. The various weights were and remain widely known, ranging from 1 for undergraduate students in, for example, all years of General Arts and Science and first year Honours Arts and Science, to 8 for upper year graduate students in Agriculture. The complete list of weights is reproduced in Appendix D. In 1976-77, this formula was made insensitive to enrolment.

Base funding for the year 1976-77 was the previous year's enrolment units at each university multiplied by a unit value of $2,055 representing a 5 percent increase over the unit value of the previous year. Every year thereafter, the base operating grant has retained this inherent formula component comprised of 1975-76 units whose weights serve as proxies for differences in program costs. For 1976-77, the base operating grant included, in addition to this inherent formula component, non-formula grants carried forward from the previous year.

Because as a nascent institution it was never on formula, Athabasca University's equivalent of the inherent formula component in its base operating grant is a sum that was independently determined.

Thus comprised as of 1976-77 of its inherent formula component, each university's base operating grant is augmented from year to year in explicit recognition of three factors: new programs, new space and special circumstances.

New program grants are separately identified in whatever year they are made as conditional program development grants. Each new program grant, in the year it is identified as such, has been calculated by the Department of Advanced Education, after negotiation with the institution, so as to reflect the cost of providing the new program at a planned level of enrolment. Normally a new program grant is separately tracked until the new program is fully operational and formal approval is given to fold the funds into the university's base operating grant.

New space grants are calculated by the Department of Advanced Education to cover the cost of operating a newly acquired facility in the year it comes on stream. In the year after a new space grant has been separately identified, it too is folded into the university's base operating grant.

Special circumstances grants are made from time to time in recognition of conditions in particular universities that are deemed by the Minister to warrant

financial adjustment. Such adjustments have been made in explicit recognition of factors like enrolment growth (Calgary), institutional development and relocation (Athabasca), or size and associated circumstances (Lethbridge). Once identified as such in the year they are first made, special circumstances grants are also folded into the university's base operating grant. (Exceptions arise when certain special circumstances are recognized on a one-time-only basis, for example, with respect to institutional computing teaching needs).

Annually, the total sum that constitutes each university's base operating grant, whether serially derived from the inherent formula component or the successive folding in of new programs, new space or special circumstances grants, is subjected to a Price Adjustment Factor in recognition of economic circumstances. This annually determined factor is a percentage that is identical for all institutions. (For 1987-88, as noted in Chapter One, fiscal austerity dictated an adjustment of minus 3 percent.)

Beginning with the 1982-83 fiscal year, but outside the framework of the base operating grant, funding for universities was marginally resensitized to enrolment. This was accomplished through a

supplementary enrolment fund that is in effect an enrolment growth envelope, and that is shared by the universities, the public colleges and the technical institutes. I shall examine this envelope after discerning the rules that have determined the base operating grants of the colleges and technical institutes.

The Colleges and Technical Institutes

With respect to the six public colleges that were board-governed at the time, their funding until 1976 rested upon a process which the Department of Advanced Education had inherited from the Alberta Colleges Commission in 1973. Pursuant to this process, each college submitted an annual budget for Departmental review, at which time an enrolment target was established. On the basis of a subsequent review conducted once the information was known, grant adjustments were made in any case where actual enrolment turned out to deviate by more than plus or minus 10 percent of the enrolment target.[1] To summarize, until 1976, operating grants to the public colleges were determined through a budget review process which achieved enrolment sensitivity through a combination of enrolment targets and subsequent financial adjustments. In 1976-77, enrolment

sensitivity was eliminated; the previous year's operating grant became the base to which a price adjustment factor was applied.

Accordingly, from 1976-77 forward, base operating grants to the colleges contained what can appropriately be called an inherent 1976 budget review component. This component represented the grant portion of budgeted outlays for whatever programs the colleges offered in 1976 at the enrolment levels achieved in 1975-76. From the time Fairview, Keyano, Lakeland and Olds became board-governed colleges in 1978, the equivalent components of their base operating grants can be called their original conversion components, i.e., the operating grants deemed sufficient, along with fee and other revenue, to enable these colleges, in their initial year of board-governed operation, to supply Government sanctioned educational services. NAIT and SAIT, upon conversion to board-governed status in 1982, also acquired original conversion components of their base operating grants, as did the Alberta College of Art once it was separated from SAIT in 1985.

Thus comprised of a 1976 budget review or original conversion component, as the case may be, the

base operating grant to each college or technical institute may be augmented, as in the case of the universities, in explicit recognition of new programs, new space and special circumstances. After such funding has been explicitly identified as a separate grant, it is typically folded into the institution's base operating grant. The exception consists of Trades and Manpower grants to the colleges which, although considered to be part of the base, continue to be permanently tracked and will be described shortly.

Annually, the total sum that constitutes each institution's base operating grant, derived serially from the 1976 budget review or original conversion component and the successive folding in of new program, new space and special circumstances grants, is subjected to the same system-wide Price Adjustment Factor as applies to universities.

Then as of 1982-83, as with the universities and also outside the framework of their base operating grants, college and technical institute funding was marginally resensitized to enrolment.

The Supplementary Enrolment Fund

In effect an enrolment growth envelope that is shared by the universities, the public colleges and the technical institutes, the supplementary enrolment

fund is annually approved by Treasury Board as an item in the estimates of the Department of Advanced Education. The size of this enrolment growth fund or envelope, for which certain institutions outside my terms of reference are also eligible, was approximately $6 million in 1982-83 and had grown to $20 million by 1986-87.

The purpose of the fund is to recognize the difference between current year FTE enrolment and 1981-82 enrolment; the envelope was and remains conditioned by the existence of enrolment growth beyond this base year. Its overall size has been determined by estimating the difference between anticipated enrolment in the post-secondary system for the coming year and enrolment in the base year, and multiplying this difference by a dollar amount per FTE student which in 1986-87 dollars was $800.

Once its size has been thus determined and approved, each year's increment to the envelope is distributed among the institutions through calculations that incorporate estimates of each institution's current-year enrolment growth and the total enrolment growth that the institution has experienced since 1981-82. Each institution's allotted share, in the form of its specific supplementary enrolment grant,

targets that institution's enrolment growth only. It takes no account of any differences in the cost of the programs in which enrolment growth may have occurred. Given its form, this financial recognition of enrolment growth would self-evidently have enabled each institution to accommodate without financial penalty additional students in programs where the marginal cost of increased enrolment is covered by the amount of the grant plus the tuition fees collected from the students.

APPLYING THE RULES

The application of the operating grant rules that I have discerned can now be probed by a quantitative examination of grant outcomes. I shall review, in order, the composition of the base operating grants paid to universities, those paid to the public colleges and those paid to the technical institutes. Next, of relevance to the public colleges, I shall examine that portion of program funding that has been permanently tracked by the Department of Advanced Education as Trades and Manpower Grants. Finally, I shall examine the distribution of the supplementary enrolment fund.

The Composition of Base Operating Grants

Table 2.1 quantifies the application of the operating grant rules that I have discerned as encompassing the universities by displaying the various components -- inherent formula, new space, new programs and special circumstances -- that had come together to comprise each institution's base operating grant in 1986-87. What this table makes clearly apparent is that the continuing importance of the inherent formula component of each university's base operating grant is a function of the maturity of the institution. This component continues to account for 92.5 percent of the total base operating grant received by the University of Alberta, whose new program and special circumstances components, for their part, account for 1.6 and 4.4 percent of its total. The comparable new program and special circumstances percentages are 4.6 and 9.8 at Calgary, 8.1 and 14.9 at Lethbridge, and 13.3 and 52.5 at Athabasca.

Table 2.2 displays a sketch of the comparable components of each college's base operating grant as of 1986-87, save that its starting point in tracking these components is the year 1978-79 because I have been unable to reconstruct satisfactorily uniform records for the period 1976-78. Several discernible patterns emerge from this Table. The 1976 inherent budget review or original conversion components account for less than

TABLE 2.1
UNIVERSITY BASE OPERATING GRANTS BY COMPONENT OF ORIGIN, 1986-87 ($000)

	University of Alberta		University of Calgary		University of Lethbridge		Athabasca University	
	$	%	$	%	$	%	$	%
Inherent Formula Component[1])	193,744.4	92.5	102,498.9	84.1	15,767.7	71.2	4,481.6	34.2
New Space	3,140.4	1.5	1,849.7	1.5	1,293.6	5.8	—[2])	—
New Programs	3,432.3	1.6	5,587.7	4.6	1,785.2	8.1	1,743.1	13.3
Special Circumstances	9,250.4	4.4	11,900.5	9.8	3,297.3	14.9	6,885.0	52.5
TOTAL BASE	209,567.5	100.0	121,836.8	100.0	22,143.8	100.0	13,109.7	100.0

1) Athabasca's equivalent of the inherent formula component was its independently calculated 1976-77 base grant. The inherent formula component of the other universities includes, in each instance, a non-formula carryover which was $1.2 million at the University of Alberta, $3.8 million at The University of Calgary and $2.7 million at The University of Lethbridge.

2) New Space associated with the new campus at Athabasca University accommodated within the Special Circumstances component.

SOURCE: Ministerial Operating Grant Letters.

TABLE 2.2
PUBLIC COLLEGES BASE OPERATING GRANTS BY COMPONENT OF ORIGIN, 1986-87 ($000)

	Alberta College of Art $	Alberta College of Art %	Fairview College $	Fairview College %	Grande Prairie Regional College $	Grande Prairie Regional College %	Grant MacEwan Community College $	Grant MacEwan Community College %	Keyano College $	Keyano College %
1976 Inherent Budget Review or Original Conversion Component	4,069.5	84.1	4,305.2	56.6	3,489.3	38.1	11,157.3	65.7	8,485.8	66.0
New Space	48.4	1.0	758.1	10.0	766.2	8.3	1,270.7	7.5	1,133.8	8.8
New Programs (other than Trades and Manpower)	415.4	8.6	632.3	8.3	2,623.1	28.6	3,394.1	20.0	1,523.2	11.9
Trades and Manpower: Manpower Core	--	--	125.8	1.6	493.3	5.4	24.8	0.1	398.2	3.1
Programs	--	--	989.0	13.0	720.8	7.9	--	--	582.2	4.5
Special Circumstances	303.7	6.3	797.0	10.5	1,071.7	11.7	1,140.4	6.7	732.7	5.7
TOTAL BASE	4,837.0	100.0	7,607.4	100.0	9,164.4	100.0	16,987.3	100.0	12,855.9	100.0

	Lakeland College $	Lakeland College %	Lethbridge Community College $	Lethbridge Community College %	Medicine Hat College $	Medicine Hat College %	Mount Royal College $	Mount Royal College %	Olds College $	Olds College %	Red Deer College $	Red Deer College %
1976 Inherent Budget Review or Original Conversion Component	5,969.4	51.4	6,821.3	54.1	3,815.4	41.2	16,488.6	75.1	7,727.5	78.9	6,896.2	46.7
New Space	1,726.0	14.9	1,168.8	9.3	899.9	9.7	785.1	3.6	607.5	6.2	1,616.4	11.0
New Programs (other than Trades and Manpower)	1,701.8	14.7	1,944.9	15.4	2,142.7	23.1	1,966.4	9.0	438.8	4.5	2,375.6	16.1
Trades and Manpower: Manpower Core	224.5	1.9	575.5	4.6	493.3	5.3	16.4	0.1	117.3	1.2	288.1	2.0
Programs	1,001.5	8.6	1,276.0	10.1	693.9	7.5	--	--	220.8	2.3	2,525.0	17.1
Special Circumstances	982.9	8.5	823.0	6.5	1,217.0	13.2	2,687.6	12.2	677.9	6.9	1,054.1	7.1
TOTAL BASE	11,606.1	100.0	12,609.5	100.0	9,262.2	100.0	21,944.1	100.0	9,789.8	100.0	14,755.4	100.0

two-thirds of total base operating grants at eight colleges and indeed for less than half at three of these eight --- Grande Prairie, Medicine Hat and Red Deer. Five Colleges which, because of the Regional Expansion Thrust, acquired substantial Trades and Manpower Program Funding, also received appreciable new program grants in non-trades areas (Keyano, Lakeland, Lethbridge, Medicine Hat and Red Deer). In a setting where the relative importance of new program grants, whether trades-related or otherwise, bespeaks a substantial diversification in college curricula, only Mount Royal and Olds, together with the recently established Alberta College of Art, exhibit base operating grants whose 1976 inherent budget review or original conversion components account for more than three-quarters of total base support.

Table 2.3 repeats the Table 2.1 and Table 2.2 exercises for NAIT and SAIT. For these two technical institutes, their 1986-87 operating grant components are tracked from 1982-83, the year in which they became board-governed. In both instances, the original conversion components retain over-riding importance (more than 95 percent of the 1986-87 total).

Trades and Manpower Grants

Included in the base operating grants to the colleges whose evolution has been sketched in Table 2.2, are appreciable sums labelled Trades and Manpower Grants. As noted earlier in this Chapter, these funds, although they accrue to each institution's base

TABLE 2.3
TECHNICAL INSTITUTES BASE OPERATING GRANTS BY COMPONENT OF ORIGIN, 1986-87 ($000)

	NAIT		SAIT	
	$	%	$	%
Original Conversion Component	59,314.5	96.9	51,211.3	95.1
New Space	87.8	.2	470.8	.9
New Programs	309.0	.5	895.6	1.7
Special Circumstances	1,486.1	2.4	1,265.9	2.3
TOTAL BASE	61,197.4	100.0	53,843.6	100.0

SOURCE: Ministerial Operating Grant Letters.

operating grant, are permanently tracked by the Department of Advanced Education. The reason for this practice is that they are linked to longstanding federal-provincial relations in the domain of vocational training.

Table 2.4 reproduces the permanent tracking of Trades and Manpower Grants kept by the Department of Advanced Education since 1978-79. From the beginning, a distinction has been drawn between what is called Manpower Core Funding and Program Funding. The latter, as the name suggests, incorporates funds that are directly related to the cost of providing trades-related training. The former recognizes infrastructure or overhead costs associated with such training. This so-called Manpower Core Funding stems from a realignment of federal and provincial dealings with the colleges whereby, prior to 1978, federal authorities purchased training places directly from the colleges. The overhead payments associated with these training purchases were assumed by the province as Manpower Core Funding when the practice of direct federal purchases ceased. As Table 2.4 indicates for 1978-79, the first year of provincial Manpower Core Funding, the colleges affected were the six that had already been board-governed, and the varying amounts reflected the distribution of federal funds in the prior year. Notably,

TABLE 2.4
PUBLIC COLLEGES TRADES AND MANPOWER GRANTS
1978-79 TO 1986-87 ($000)

Institution	1978-79		1979-80		1980-81		1981-82		1982-83		1983-84		1984-85		1985-86		1986-87	
	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding	Manpower Core Funding	Program Funding
Fairview College	Base	n/a	82.6	261.0	90.4	372.3	100.4	438.3	115.1	794.2	121.0	908.1	121.0	951.0	121.0	951.0	125.8	989.0
Grande Praire Regional College	300.0	n/a	324.0	473.5	354.8	518.5	393.8	575.5	451.3	659.5	474.3	693.1	474.3	693.1	474.3	693.1	493.3	720.8
Grant MacEwan Community College	15.0	—	16.2	—	17.7	—	19.7	—	22.6	—	23.8	—	23.8	—	23.8	—	24.8	--
Keyano College	Base	—	262.4	—	287.3	—	317.9	65.0	364.3	333.3	382.9	559.8	382.9	559.8	382.9	559.8	398.2	582.2
Lakeland College	Base	n/a	147.4	296.2	161.4	426.3	179.2	523.2	205.4	773.6	215.9	963.0	215.9	963.0	215.9	963.0	224.5	1,001.5
Lethbridge Community College	350.0	n/a	378.0	445.7	413.9	603.0	459.4	759.3	526.5	1,222.3	553.4	1,226.9	553.4	1,226.9	553.4	1,226.9	575.5	1,276.0
Medicine Hat College	300.0	n/a	324.0	69.7	354.8	98.6	393.8	159.5	451.3	634.8	474.3	667.2	474.3	667.2	474.3	667.2	493.3	693.9
Mount Royal College	10.0	—	10.8	—	11.8	—	13.1	—	15.0	—	15.8	—	15.8	—	15.8	—	16.4	—
Olds College	Base	n/a	77.0	68.5	84.3	75.0	93.6	113.1	107.3	223.9	112.8	390.6	112.8	390.6	112.8	390.6	117.3	220.8
Red Deer College	175.0	n/a	189.0	75.1	207.0	106.9	230.0	830.5	263.6	1,119.7	277.0	1,176.2	277.0	2,427.9	277.0	2,427.9	288.1	2,525.0

SOURCE: Ministerial Operating Grant Letters

n/a Not available

the funds paid to Grant MacEwan and Mount Royal, $15,000 and $10,000, were token amounts by comparison to the $175,000 to $350,000 paid to Red Deer, Grande Prairie, Medicine Hat and Lethbridge; the reason lies in the low volume of training that had been federally sponsored in these two urban colleges.

As pointed out in Chapter One, precisely because of their proximity to NAIT and SAIT, neither Grant MacEwan nor Mount Royal has become involved in trades-related programs; therefore, through 1986-87 the only Trades and Manpower Grants that accrue to them are the token amounts of their 1978-79 Manpower Core Funding, adjusted for inflation. On the other hand, the figures in Table 2.4 give stark quantitative testimony to the impact elsewhere of the Regional Expansion Thrust. The exception is Grande Prairie, whose Trades and Manpower Grants antecede this policy which, as explained in Chapter One, bypassed it in northwestern Alberta.

<u>Supplementary Enrolment Funding</u>

Because the supplementary enrolment fund or envelope is intended to recognize the enrolment growth that each post-secondary institution has experienced since 1981-82, the manner of its distribution can be conveyed concisely by taking stock of the funding it

provided to institutions in recognition of their 1986-87 enrolment levels by comparison to their 1981-82 levels. This is done in Table 2.5 which groups each of the four universities, the eleven public colleges, and NAIT and SAIT as a sector. Bearing in mind that the overall size of the envelope is annually approved by Treasury Board, I indicate in the third column of Table 2.5 the accumulated dollars per FTE enrolment growth in each of the three sectors. The amounts are $844 for the universities, $871 for the colleges and -- to be noted for subsequent analysis -- $309 for NAIT and SAIT. In Table 2.6, the accumulated enrolment growth dollars per FTE student are broken down separately for each institution. There is a convergence, with some exceptions, of the respective institutions around their sector averages.

AN EQUITABLE CONDITION?

Having discerned the rules that encompass the distribution of post-secondary grants and probed, at least in a preliminary fashion, their quantitative dimension, I now pose the question: do these rules as applied approximate an equitable condition among

TABLE 2.5
SUPPLEMENTARY ENROLMENT FUNDING BY SECTOR AS OF 1986-87

	Enrolment Increase 1981-82 to 1986-87	Enrolment Funding Increases 1982-83 to 1986-87	Accumulated $/ Accumulated FTE
University Sector	12,756	$10,763,000	$844
Public College Sector	7,784	$ 6,782,600	$871
Technical Institutes Sector	2,004	$ 618,500	$309
	22,544	$18,164,100	$806

SOURCE: Ministerial Operating Grant Letters plus institutional enrolment figures.

TABLE 2.6

**SUPPLEMENTARY ENROLMENT FUNDING PER FTE
BY INSTITUTION AS OF 1986-87**

	Accumulated $/ Accumulated FTE
Universities	
University of Alberta	$ 819
University of Calgary	$ 868
University of Lethbridge	$1,013
Athabasca University	$ 736
Public Colleges	
Alberta College of Art	$ 833
Fairview College	$ 872
Grande Prairie Regional College	$ 921
Grant MacEwan Community College	$ 899
Keyano College	$ 895
Lakeland College	$ 973
Lethbridge Community College	$ 844
Medicine Hat College	$ 947
Mount Royal College	$ 722
Olds College	$1,636
Red Deer College	$ 749
Technical Institutes	
NAIT	$ 305
SAIT	$ 321

SOURCE: Ministerial Operating Grant Letters plus institutional enrolment figures.

institutions? My answer, which I shall justify in the paragraphs that follow, is affirmative. My answer is not unqualified; but it is, to repeat, affirmative.

If I can find that an equitable condition characterizes the distribution of operating grants among institutions, my reference point must be the definition, never challenged by any institution, upon which I founded this Equity Study:

> An equitable condition among institutions can be deemed to exist where those in similar situations are treated similarly and those in different situations are treated in a manner that is commensurate with their differences.

I proceed to consider the evidence that underlies my finding by addressing, in order, university operating grants, college and technical institute operating grants, and supplementary enrolment funding.

<u>University Operating Grants</u>

The major component of each university's base operating grant continues to be the inherent formula component that each institution acquired as of 1976-77. It can be pointed out, as it was at the hearings by the University of Alberta, that some of the weights attached to the formula were being questioned well before 1976.[2] The fact remains that the standard

weights which the formula applies by program to FTE enrolment at each institution fund similar programs in these institutions similarly and different programs differently. As for the extent to which higher program weights are indeed a proxy for higher program cost, the Alberta weights reflect program cost hierarchies similar to those recognized by formula approaches elsewhere in Canada (e.g., advanced graduate more expensive than master's programs; medicine more expensive than law). It can hardly be denied that the inherent formula component of each university's operating grant approximates an equitable condition among these institutions, at least historically.

Let me now acknowledge the argument, put forward by The University of Calgary, that the passage of more than ten years makes the formula irrelevant to the present.[3] I accept as a fact that the last decade has wrought major transformations in teaching and research activity, in the organization of curricula and in the scope of programs provided by various institutions. But I am driven to make two observations.

First, I observe that formula weights used in the Maritimes and Ontario have been long-lived. This is because they are accepted for what they are: namely

as broad rather than as definitive indicators of different program costs. If "university autonomy" means what the words convey, different institutions, notwithstanding prevailing weights, can be expected to devote more resources and hence sustain higher costs in certain programs than in others. They may also choose to realign undergraduate arts and science curricula as to honours and general degree programs or in relation to what is offered in professional faculties. And their priorities among programs are always subject to change. To expect program weights to determine a university's program outlays is to deny the reason for having a formula in the first place, namely as the means whereby autonomous institutional spending decisions can be respected within a grant distribution framework that is broadly sensitive to cost parameters. It follows that formula weights can long retain their relevance to equity notwithstanding institutional decisions that over time distance budgetary allocations from these weights.

My second observation is that any reference to the amount of time that has passed since the inherent formula components were struck in 1976 must be coupled explicitly to the rules that have determined subsequent adjustments to base operating grants. With respect to new space grants, I submit that it is entirely reasonable to presume that their amounts have

corresponded closely to the readily quantifiable costs of operating measurable amounts of new building space, and I note that no institutional submission questioned this presumption. Special circumstances grants have encompassed base enrolment growth at The University of Calgary, the relocation of Athabasca University, and size and growth-related factors peculiar to The University of Lethbridge. Reserving for Chapter Three any comments on the extent to which special circumstances grants shed light on specific allegations of inequity, it is for me evident as a general proposition, that special circumstances grants sought broadly to treat the institutions involved in ways commensurate with their differences.

This leaves new program grants, each of which is the outcome of negotiation between the Department of Advanced Education and the offering institution over the cost of delivering the program at a planned level of enrolment. As might be expected, new program grants vary enormously both in dollar amounts and in size of planned enrolment. Selecting 1984-85 as representative, Table 2.7 records the pertinent information concerning all the new program grants recorded as such in that year. Tabulated in dollars per FTE student of planned enrolment, the grants are clearly sensitive to differences in cost. Thus the new program grants at the University of Alberta ranged from $2,810 per FTE student in East Asian Language and

TABLE 2.7
UNIVERSITY NEW PROGRAM GRANTS RECORDED AS SUCH IN 1984-85

University	Program	1984-85 Funded FTE	$ 1984-85	$/FTE
University of Alberta	Department of East Asian Language and Literature	174.0	488,900	2,810
	M.A. Education - Outreach	28.0	239,100	8,539
	M.A. Public Management	32.0	371,800	11,619
	Computer Engineering	60.0	449,400	7,490
	Expansion of B.S. in Nursing	80.0	1,079,400	13,493
	Teaching of Hearing Impaired	24.0	82,200	3,425
	Teachers of the Multiple and Dependent Handicapped	20.0	92,300	4,615
	Cooperative Engineering	234.0	2,161,300	9,236
	Ph.D. Business	15.0	679,400	45,293
University of Calgary	Early Childhood Education	170.0	419,900	2,470
	Geophysics	53.0	404,600	7,634
	M.A. Communication Studies	14.0	478,800	34,200
	Master of Fine Arts (Theatre)	14.0	263,800	18,843
	Master of Music (Applied Music)	8.0	137,400	17,175
	M.A. in Religious Studies	7.3	240,000	32,877
	Rehabilitation Studies	35.0	184,000	5,257
	Industrial Design Degree	28.0	474,900	16,961
	Minor in Computing Engineering	38.0	194,400	5,116
	Bachelor in Social Work	40.0	337,000	8,425
	Master of Nursing	16.0	486,600	30,413
University of Lethbridge	Faculty of Management	198.0	715,000	3,611
	Enhancement of Special Education Service Capabilities in S. Alberta	10.0	49,500	4,950
	Business Education	16.0	47,300	2,956
	Master of Education	18.0	703,000	39,056

SOURCE: Ministerial Operating Grant Letters plus institutional and departmental correspondence.

Literature to $45,293 per FTE student in a newly created doctoral program in Business. Those at The University of Calgary ranged from $2,470 per FTE student in Early Childhood Education to $34,200 per FTE student in a master's program in Communication Studies. Those at The University of Lethbridge ranged from $2,956 per FTE student in Business Education to $39,056 per FTE student in a Master of Education program. In brief, there is overwhelming evidence that each new program grant is commensurate with differences in program cost. And it should not escape attention that aligning new program grants with specifically negotiated program costs is a more accurate approach to equity than the alternative practice, followed in Ontario, of associating new programs with standard weights that encompass whole categories of generic programs.

Thus can I conclude without difficulty that, as a general proposition, the distribution of operating grants among universities produces a broadly equitable condition among these institutions.

The Colleges and Technical Institutes

For the colleges and technical institutes, the initial component of their base operating grant is what I have called the inherent 1976 budget review

component or the relevant original conversion component, as the case may be. In the circumstances, the extent to which similarities and differences were equitably encompassed at the outset requires an act of faith in the inherent fairness of the budget review or conversion processes followed by the Department of Advanced Education. I have before me a strongly argued case to the effect that SAIT was inequitably treated in relation to NAIT when these two technical institutes were converted to board-governed status in 1982 and postpone my finding on this matter to Chapter Three of this Report. As for the colleges, the Olds submission pinpointed certain concerns about its funding upon conversion which I shall note in Chapter Three; in general, however, the hearings and submissions did not raise equity concerns rooted in 1976 or 1978. Subject to the important qualification pertaining to the two technical institutes, I have been given no reason to suspect the existence of historical deviations from equity; in other words, budget review and conversion tended to fund colleges with similar programs similarly and colleges with different programs in a manner commensurate with different program costs. A recent Ph.D. dissertation by Dr. Harald Zinner which examines college expenditures by program cluster supports this hypothesis.[4]

With respect to subsequent sources of adjustment in base operating grants, the presumption that new space grants have been equitable is to me as reasonable for the colleges and institutes as it is for the universities. New program grants, for their part, prove highly sensitive to differences in program cost when tabulated in dollars per planned FTE student enrolment. Such a tabulation for the very numerous program grants negotiated for 1984-85 appears in Appendix E.

An examination of new program grants to the colleges makes it possible to test a dimension of equity that cannot be probed in the university sector, where new programs have been fewer and distinctive. I refer to the question of whether institutions with new programs that are similar have been treated similarly.

In 1984-85, three colleges were all in receipt of new program grants to finance training for four occupations: heavy duty mechanic, motor mechanic, electrician and plumber. Table 2.8 indicates a clear degree of convergence in the financial treatment of all three colleges when these grants are measured in dollars per FTE student. Indeed, when the grants for all four new programs are calculated on an FTE basis,

TABLE 2.8
NEW PROGRAM GRANTS PER FTE FOR FOUR TRADES PROGRAMS: FAIRVIEW, KEYANO AND RED DEER

	Heavy Duty Mechanic		Motor Mechanic		Electrician		Plumber		Total FTE	Total $	$ Per FTE
	FTE	$	FTE	$	FTE	$	FTE	$			
Fairview College	18	79,456	9	50,028	11[1)]	97,972[1)]	21	122,231	59	349,687	5,927
Keyano College	21	109,619	9	61,904	20	121,600	9	44,352	59	337,475	5,720
Red Deer College	30	180,273	60	369,091	48	288,913	36	268,391	174	1,106,668	6,360

1) Electrician consists of Electrician (3) 8 FTE's plus $55,072 plus Electrician (4) 3 FTE's plus $42,900.

SOURCE: Ministerial Operating Grant Letters plus institutional and departmental correspondence.

Fairview received $5,927, Keyano $5,720 and Red Deer $6,360.

Table 2.9 performs a similar exercise with respect to the seven colleges that were receiving, also in 1984-85, new program grants for nursing. The training activities which these grants funded are in fact only loosely comparable because they involve a mixture of extension and expansion as well as strictly new programming. The pattern is nonetheless one of reasonable convergence in a range of $13,164 to $20,936 per FTE student.

I have uncovered one instance in which new program grants measured on an FTE student basis exhibit striking variations: those for Early Childhood Development. As Table 2.10 indicates, the eight colleges in receipt of new first and/or second year program grants for this activity in 1984-85 were funded at levels which varied all the way from $1,071 to $4,311 per FTE student. I am content to reveal a variation by a factor of four without rendering any judgement about its equity or lack thereof. This is because training costs in newly emerging occupations like those in the field of early childhood development, which is linked to the burgeoning service sector of day care, are inherently difficult to ascertain in the

TABLE 2.9
NEW PROGRAM GRANTS FOR NURSING IN SEVEN COLLEGES

	1984-85 Funded FTE	$ 1984-85	$/FTE
Grande Prairie Regional College	48	934,300	19,465
Grant MacEwan Community College	28	586,200	20,936
Keyano College	48	677,900	14,123
Lethbridge Community College	24	471,200	19,633
Medicine Hat College	24	462,200	19,258
Mount Royal College	80	1,053,100	13,164
Red Deer College	24	473,600	19,733

SOURCE: Ministerial Operating Grant Letters plus institutional and departmental correspondence.

TABLE 2.10

NEW PROGRAM GRANTS FOR EARLY CHILDHOOD DEVELOPMENT IN EIGHT COLLEGES

	1984-85 Funded FTE	$ 1984-85	$/FTE
Grande Prairie Regional College	55	124,058	2,256
Grant MacEwan Community College	90	96,377	1,071
Keyano College	42	89,129	2,122
Lakeland College	50	215,560	4,311
Lethbridge Community College	67	220,079	3,285
Medicine Hat College	40	158,987	3,975
Mount Royal College	60	72,267	1,204
Red Deer	72	124,123	1,724

SOURCE: Ministerial Operating Grant Letters plus institutional and departmental correspondence.

absence of any established standards to guide the length or content of training programs.

By contrast, training costs in established occupations like the certified trades or nursing can be based on firm experience with recognized standards. I therefore consider the data in Tables 2.8 and 2.9 rather than in Table 2.10 to be material with respect to the question, which I answer affirmatively, of whether colleges with similar new programs are treated similarly.

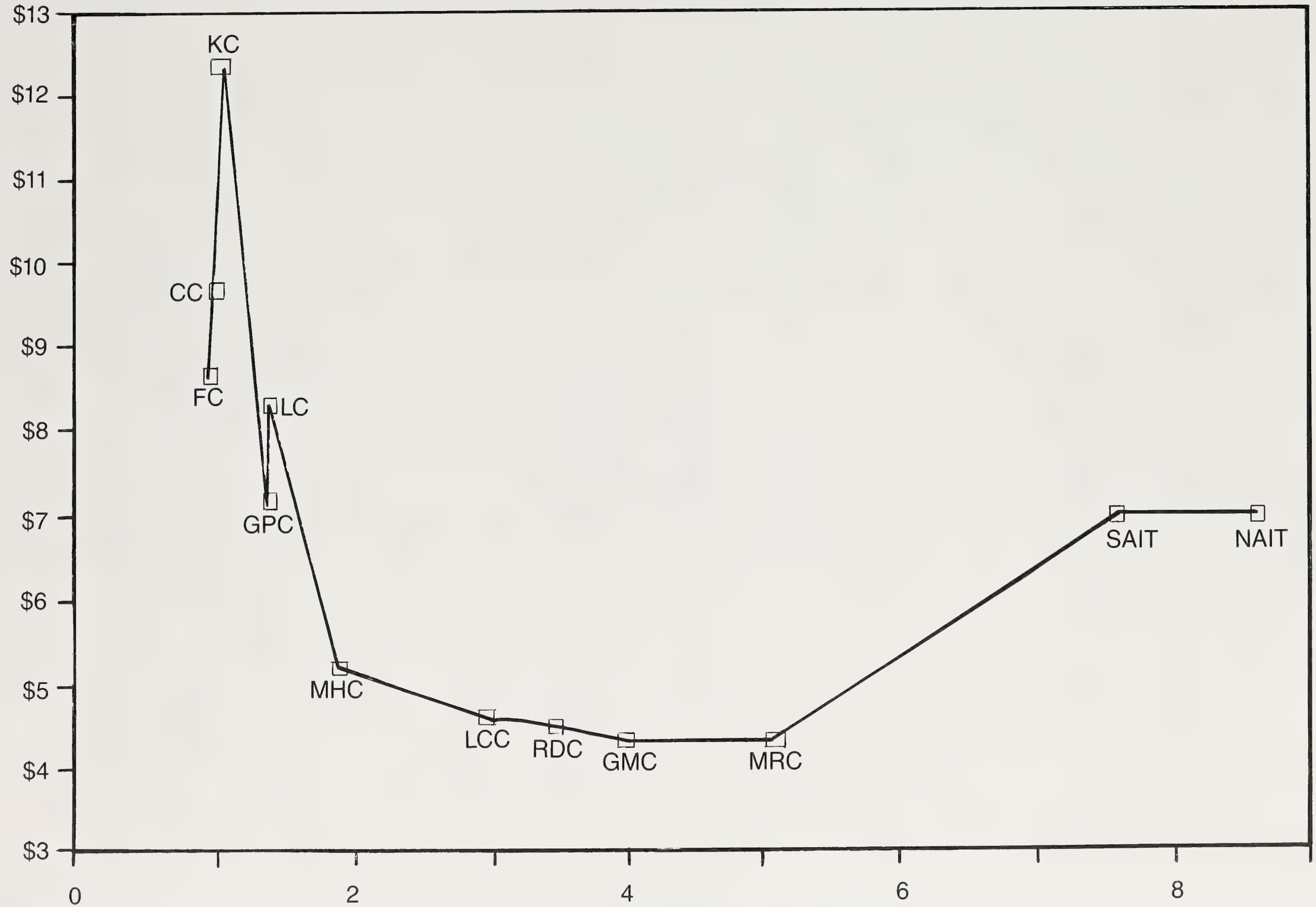
What about the equity of the permanently tracked Trades and Manpower Grants, whose pattern has already been traced in Table 2.4? I have no difficulty concluding that these treat the similarly situated similarly and the differently situated in a manner commensurate with their differences. As I have already pointed out, the original so-called Manpower Core component of these grants was designed to replace funds related to federally sponsored activities; the remaining appreciable amounts serve simply to represent an accounting trail of the trades-related new program grants whose relative equity is already apparent from Table 2.8. And I can discern no inequity whatsoever in the fact that Grant MacEwan and Mount Royal have never received more than token Trades and Manpower Grants,

related in both instances exclusively to the initial provincial allocation of core funds. The very explicit thrust of the Government policy subsumed in the Regional Expansion Thrust precluded trades training in these colleges. The absence of trade program funding at Grant MacEwan and Mount Royal is therefore commensurate with their difference, as Edmonton- and Calgary-based institutions, from the other colleges.

A distinct dimension of equity, relevant to the technical institutes as well as the colleges, focuses upon the relative importance of institutional size. That I was enabled to explore this dimension at length in hearing after hearing is due to the suggestive contribution made by Lethbridge Community College in its written submission. What from this submission I came to call "the LCC Curve" is reproduced in Figure 2.1. This Curve materializes when budgeted outlays or costs per FTE student by institution are plotted on a graph whose vertical axis denotes these costs and whose horizontal axis measures total FTE enrolment. The Curve encompasses ten of the eleven colleges (ACA is excluded), SAIT and NAIT.

The small colleges all exhibit relatively high costs per FTE student and therefore appear on the left-hand side of the LCC Curve. Within this group,

FTE's vs. Cost per FTE
for 1986-87



Source: Lethbridge Community College Equity Study Submission Figure 2, Page 6.

however, the highest per-student costs do not coincide with the lowest enrolments. Keyano, the highest cost college, is larger than Fairview and Olds and not much smaller than Lakeland. Oral responses to my queries explain to my satisfaction that Fairview, Olds, Keyano and Lakeland distribute themselves on the Curve the way they do because different concentrations of higher cost programs at these different colleges, rather than size, determine their relations to one another.[5] Drawing support from the testimony of the presidents of Fairview, Keyano and Lakeland, I deem that these relations approximate an equitable condition.

Proceeding along the LCC Curve, I reserve the position of Grande Prairie College for comment in Chapter Three. At this juncture it will be observed that the five remaining colleges are distributed in accordance with what appears to approximate an expected economy of scale curve. Is it reasonable to conclude that this indicates an equitable relationship given the economies of scale that can be expected to accrue to larger institutions?

The obstacle to such a conclusion arises on the right-hand side of the LCC Curve. There SAIT and NAIT, with substantially higher enrolments than the largest colleges, nonetheless exhibit much higher

budgetary outlays (costs) per FTE student. If, for the sake of the argument, size and associated economies of scale are the sole variables taken into account, it follows from the LCC Curve that there is an inequity between SAIT and NAIT on the one hand and the five largest colleges on the other. This inequity, in turn, arises either because SAIT and NAIT are overfunded in relation to the colleges or -- and this in essence is the LCC position -- that the colleges are underfunded in relation to SAIT and NAIT. To address this dilemma in context, I need first to assess the equity of Supplementary Enrolment Funding.

Supplementary Enrolment Funding

To determine whether equity has prevailed in the distribution of Supplementary Enrolment Funding, I must consider primarily the extent to which the grants paid to each institution approximate the same number of dollars per FTE student of enrolment growth. This is because this fund or envelope is intended to take no account of the cost of programs in which enrolment growth occurs. Indeed, I have pointed out that the over-all size of the fund is approved by Treasury Board with reference to a flat dollar amount per student.

With respect to the universities and the

public colleges, data already presented in Tables 2.5 and 2.6 revealed a convergence, with some exceptions, around a sector average which for the universities was $844 and for the colleges $871 per FTE student. How close a convergence does an equitable distribution of supplementary enrolment grants demand? My straightforward answer is that the convergence which equity demands is as close as can reasonably be expected when it is acknowledged that the current-year enrolments which affect distribution are estimated, not known, at the time the grants are made.

I observe that before 1976, when base college operating grants were geared to enrolment targets, deviations within plus or minus 10 percent of estimated enrolment were tolerated. I consider this range of tolerance reasonable with respect to the convergence that equitable distribution of Supplementary Enrolment Funding demands.

I can therefore deem that an equitable condition prevailed, as of 1986-87, in the distribution of Supplementary Enrolment Funding within a range of $760 to $928 per FTE student of enrolment growth in the universities and $784 to $958 in the colleges. As Table 2.11 indicates, such a condition indeed prevailed with the exception of three cases of overfunding

TABLE 2.11
SUPPLEMENTARY ENROLMENT FUNDING IN RELATION TO TOLERANCE LIMITS OF ± 10 PERCENT, UNIVERSITIES AND PUBLIC COLLEGES, 1986-87

Institution	Accumulated 1986-87$/ 1986-87 Accumulated FTE	Shortfall/(Over) Funding
Universities ($844 ± 10% $760 to $928)		
University of Alberta	819	n/a
University of Calgary	868	n/a
University of Lethbridge	1,013	1,136 FTE ($928 - $1,013) = $(96,560)
Athabasca University	736	1,561 FTE ($760 - $ 736) = $ 37,464
Public Colleges ($871 ± 10% $784 to $958)		
Alberta College of Art	833	n/a
Fairview College	872	n/a
Grande Prairie Regional College	921	n/a
Grant MacEwan Community College	899	n/a
Keyano College	895	n/a
Lakeland College	973	568 FTE ($958 - $ 973) = $(8,520)
Lethbridge Community College	844	n/a
Medicine Hat College	947	n/a
Mount Royal College	722	1,088 FTE ($784 - $ 722) = $ 67,456
Olds College	1,636	157 FTE ($958 - $1,636) = $(106,446)
Red Deer	749	1,483 FTE ($784 - $ 749) = $ 51,905

SOURCE: Ministerial Operating Grant Letters plus institutional enrolment figures.

n/a Not applicable

(substantial at Olds, consequential at The University of Lethbridge, trivial at Lakeland), and three cases of underfunding -- all of them consequential -- at Athabasca University, Mount Royal College and Red Deer College.

But all of this ignores the Supplementary Enrolment Funding accorded to NAIT and SAIT. In stark contrast to the university average of $844 and the college average of $871, it will be recalled from Table 2.5 that the average funding at NAIT and SAIT was a mere $309 per FTE student of enrolment growth. The equity issues raised by the LCC Curve in the context of size and economies of scale are therefore joined by equity issues in the realm of Supplementary Enrolment Funding.

NAIT, SAIT and the Colleges

If NAIT and SAIT were a sub-set of post-secondary institutions as distinct from the colleges as are the universities, the equitable nature of their relation to the colleges would not demand detailed scrutiny. But for all the reasons given in Chapter One, I can discern no such distinctiveness. There are genuine differences between NAIT and SAIT on the one hand and the colleges on the other, but these are differences of degree (for example, with respect to apprenticeship obligations) or differences that may be

attributable to program mix. Such differences may indeed be genuine but they are not so fundamental as to denote distinct sub-sets of post-secondary institutions. Close scrutiny of what equitably or inequitably relates NAIT and SAIT to the colleges is therefore warranted.

What factors might explain the SAIT and NAIT positions on the LCC Curve, which denotes high budgetary outlays (costs) per FTE student despite an institutional size which might be taken as conducive to economies of scale? From the hearings, I have distilled four possible explanations: (1) distortions arising from FTE student counts; (2) diseconomies of scale; (3) a program mix at NAIT and SAIT weighted by the incidence of high-cost training programs; (4) excess capacity in apprenticeship programs.

(1) Distortions arising from FTE student counts. For reasons upon which I shall elaborate in Chapter Four, student counting among the colleges and technical institutes falls short of a desirable state of the art. I have evidence from the hearings that FTE student counts from NAIT and SAIT, due in part to their relatively recent conversion from provincially administered status, do not bear close comparison to those of the colleges, especially those from the six

colleges that have long been board-governed. I accept this evidence but must immediately acknowledge that it is totally inconclusive with respect to the positions of SAIT and NAIT on the LCC Curve. Were they available, fully comparable FTE student counts might bring budgetary outlays per FTE at SAIT and NAIT more in line with those at the largest colleges but they might just as plausibly drive them in the opposite direction.

(2) Diseconomies of scale. It is universally acknowledged that economies of scale do not accrue indefinitely as institutional size increases. To the contrary, there exist various thresholds at which diseconomies of scale can be expected to appear. Time and resources have not permitted me to gather empirical evidence on possible diseconomies of scale at NAIT and SAIT. But for what it is worth, my experience with a variety of post-secondary institutions leads me to contain any expectation that diseconomies of scale at SAIT and NAIT, if indeed they exist in relation to colleges of the size of Grant MacEwan and Mount Royal, would explain the position of these two technical institutes on the LCC Curve.

(3) Program mix. The NAIT and SAIT enrolment patterns examined in Chapter One indicate that higher

proportions of their student bodies are enrolled in technology programs than is the case elsewhere. I accept that the capital-intensive, hands-on instruction that characterizes engineering technology programs occasions high per-student costs. The same holds with respect to medical and hospital laboratory technician training. Notwithstanding my paucity of hard data, I find it reasonable on the basis of impressionistic evidence gleaned from the hearings to conclude that the incidence of higher cost programs at NAIT and SAIT provides a partial explanation of their position on the LCC Curve. I emphasize partial, however, not least in deference to the evidence supplied to me by Lethbridge Community College on the proportion of its own student body that is enrolled in technology programs.[6] Applying to itself a unit of measurement that is preferred by NAIT and SAIT, the Student Contact Period (SCP), Lethbridge Community College reports 17.5 percent of its total SCP's in technology programs versus 23.5 and 23.7 percent at NAIT and SAIT respectively.

(4) Excess capacity in apprenticeship programs. The evidence I presented and discussed in Chapter One establishes that NAIT and SAIT have borne the brunt of the precipitous province-wide drop in

demand for apprenticeship training. In deference to their legislated mandate and to Government apprentice scheduling, they have not allowed their budgetary outlays on apprentice-related programs to drop proportionately, and indeed are maintaining what by normal standards are uneconomic class sizes. Although I cannot measure the extent of their impact on costs per FTE student, such uneconomic class sizes doubtless join program mix in providing another partial explanation for the SAIT and NAIT positions on the LCC Curve.

Given my concern over whether or not an equitable condition characterizes the relations among NAIT, SAIT and the colleges, what my analysis indicates thus far can be summarized succinctly. Inasmuch as the SAIT and NAIT positions on the LCC Curve suggest that they may be overfunded in relation to the larger colleges, program mix and uneconomic apprenticeship class sizes appear to reduce appreciably the likelihood that this is the case.

Re-enter now the treatment accorded to NAIT and SAIT in the distribution of Supplementary Enrolment Funding. Viewed strictly in the context of this envelope, whose over-all size is approved with

reference to a flat sum per FTE student of enrolment growth, distribution that has yielded NAIT and SAIT an average of $309 per FTE student of enrolment growth and the colleges $871 constitutes serious underfunding of enrolment growth at NAIT and SAIT. I take pointed note of the fact, however, that were it not for this underfunding, the SAIT and NAIT positions on the LCC Curve would be even more suggestive of overfunding.

I have discovered that the underfunding of enrolment growth at NAIT and SAIT was deliberate. In the process, I have found much of the answer to an allegation of inequity raised by Grant MacEwan Community College. In its written submission to this Study, Grant MacEwan observes that institutions with trades and apprenticeship programs were funded at a level sufficient to provide the requisite training at the peak levels demanded in 1982. With this money built into their base operating grants, they enjoyed surplus resources once apprenticeship enrolment dropped. These resources, in the words of the submission, became "internal growth funds" enabling the institutions concerned "to finance program (and mandate) expansion without regulation by Alberta Advanced Education or restriction by the kinds of financial constraints faced by others with programs for

which demand has increased..."[7]

My interviews with officials in the Department of Advanced Education have confirmed that as apprenticeship enrolment declined, the Department did indeed perceive that NAIT and SAIT would have surplus resources with which to finance enrolment growth in other programs. Thus did the Department decide to underfund NAIT and SAIT out of the Supplementary Enrolment Growth envelope. This decision may have been arbitrary, but insofar as I find the Grant MacEwan allegation credible, I consider that it served the goal of equity.

Taking all of these considerations into account, I deem it likely that the relations among SAIT, NAIT and the colleges approximate a reasonably equitable condition with the qualification that the balance of probabilities points to a margin of overfunding at NAIT and SAIT. That such a margin remains after program mix and uneconomic apprentice classes are taken into account is suggested by yet other evidence from the hearings whose implications I cannot quantify but whose thrust I cannot dismiss. I refer to a higher and therefore more costly degree of hands-on instruction at the technical institutes than at the colleges <u>in the one program area in which all these institutions</u>

are similarly active: business. From the NAIT hearing, I have testimony that technical institute programs in business are typically 850 hours in duration whereas comparable ones in colleges are about 625 hours.[8] Notwithstanding this difference, relevant certifying agencies, e.g., accounting associations, treat graduates of these programs similarly. The same testimony observes that the extent of hands-on instruction at the technical institutes is a legacy of provincially administered status and is in the process of being rationalized.

CONCLUSION

In this Chapter I have endeavored to establish that the funding of post-secondary institutions in Alberta is guided by readily discernible rules, and to probe the application of these rules. I have then declared and defended my considered opinion that the basic thrust of these rules as they have been applied approximates an equitable condition among institutions. I have signaled that my judgement is not unqualified, and my reservations will be clearly apparent in my disposition of the specific cases explored in Chapter Three. But I do not consider

that these reservations erode the essential substance of my opinion. I must emphasize that <u>such inequities as I can detect are exceptions in a setting where, as a general proposition, those in similar situations are being treated similarly and those in different situations are being treated in a manner commensurate with their differences</u>.

FOOTNOTES, CHAPTER TWO

1. Bernard Sheehan, A Financial Plan for Alberta Colleges and Universities, Financial Plan Project for Colleges and Universities, Calgary, 1977, p. 41.

2. Equity Study Hearings, University of Alberta Transcript, p. 5.

3. Equity Study Hearings, The University of Calgary Transcript, p. 4.

4. Harald Zinner, Equity of Expenditures in College Programs, Ph.D. Dissertation, Faculty of Graduate Studies and Research, University of Alberta, 1987.

5. Equity Study Hearings, Fairview College Transcript, pp. 45-47; Lakeland College Transcript, p. 37; Keyano College Transcript, pp. 28-29.

6. Equity Study Hearings, Lethbridge Community College Transcript, pp. 28-29.

7. Grant MacEwan Community College, Equity Study Submission, p. 6.

8. Equity Study Hearings, NAIT Transcript, pp. 25-27.

Chapter Three
Cases and Dispositions

CHAPTER THREE

CASES AND DISPOSITIONS

In this Chapter I shall approach equity matters on a case-by-case basis, recommending the dispositions I deem reasonable and appropriate as I proceed. Some cases are specific to the institutions that raised them; others are generic. In various instances, I have constructed a single case out of a variety of institutional submissions or out of considerations addressed in Chapter Two. The following will be treated in turn:

- Supplementary Enrolment Funding
- Computing
- Unfunded Programs
- Unrecognized Costs
- The University of Calgary
- The University of Lethbridge
- Southern Alberta Institute of Technology
- Alberta College of Art
- Grande Prairie Regional College
- Grant MacEwan Community College
- Olds College
- Overfunding
- Capital Funding

SUPPLEMENTARY ENROLMENT FUNDING

The equity considerations arising from the distribution of the Supplementary Enrolment Fund or envelope have already been probed in Chapter Two. It remains for me to dispose of the three instances of relative underfunding quantified in Table 2.11. What is involved is an upward adjustment in the funding already received by the three institutions identified in this Table to raise accumulated dollars per FTE student of enrolment growth to a level that is within the 10 percent range I have set as delineating a tolerable limit of deviation from an average level of funding per student. I therefore recommend that <u>the following upward adjustments should be made in the Supplementary Enrolment Funding already accorded to the following institutions: Athabasca University, $37,500; Mount Royal College, $67,500; and Red Deer College, $52,000</u>.

COMPUTING

No single facet of institutional operations occasioned more attention in written submissions and subsequent testimony than the area of computing

services, whether for academic or administrative purposes or both. The rationales for bringing computing to the attention of this Equity Study varied widely.

Mount Royal College points out that its conversion to public status more than twenty years ago could not anticipate current needs and available technical capabilities in the area of computing. It accordingly has found itself increasingly disadvantaged in relation to other colleges.[1]

Lethbridge Community College,[2] Red Deer[3] and Olds[4] trace their current computing problems to the conversion of NAIT into a board-governed technical institute. As a Provincially Administered Institution, NAIT had provided free computing services to these and other colleges pursuant to historical arrangements within the Department of Advanced Education by which NAIT was no longer bound once it became board-governed.[5] These colleges infer inequitable treatment from the fact that they have not been assisted in meeting costs that should have been recognized by Government as a financial consequence of NAIT's conversion.

Then there is the special form of capital assistance made available by Government during 1981-82 in the form of matching grants which enabled institutions to take advantage of discounts which suppliers at the time offered on computing equipment. Some colleges were thereby enabled to make substantial acquisitions. Other colleges -- notably Red Deer -- missed the discount opportunity and hence the associated matching grant.[6]

Yet another situation is apparent at The University of Lethbridge. There, needs for hardware and software identified as costing $2,750,000 are not used to formulate a claim based on equity, but testimony stipulates that the operating costs which affect the amount of this university's claim for equitable operating revenues would be reduced once these needs had been met.[7]

Faced with submissions and evidence of this variety, I consider that to attempt to do justice to the situation would lead me far beyond my terms of reference. I sense that the matter of computing as it has been brought to my attention is greater than the sum of its individual parts, parts which in turn include capital versus operating costs, make or buy,

adequacy versus equity. In a setting where, pursuant to ministerial initiative, opportunities for rationalizing post-secondary education are to be actively pursued, I am satisfied to register the considered opinion that the matter of computing should receive early and sustained attention, and that it should be considered on a system-wide basis that is sensitive, among other things, to the capacity of any favorably situated institutions to contribute to the solution of the problem. I therefore dispose of this important case by recommending that <u>high priority should be given to a searching examination of computing capacity, costs and services throughout the Alberta post-secondary system</u>.

UNFUNDED PROGRAMS

To the extent that unfunded programs constitute an issue in the Alberta post-secondary system, they do not compare with computing in the extent to which they were brought to the attention of this Study. This may be explained by a relative paucity of such situations; the reason may also lie in the existing appreciation of the balance that should properly characterize the relations between government and board-governed institutions. This balance, in my

judgement, is one in which the autonomy and responsibility of boards are to be respected substantively as well as rhetorically.

Boards can and should be free to allocate the sum-total of institutional resources -- including private donations -- in ways that respond both to historical situations and contemporary opportunities. Institutions may freely attempt to negotiate funding from the Department of Advanced Education for their initiatives in the form of new program grants. Their autonomy, however, would be trivialized if the mounting of every initiative turned upon the successful outcome of new program grant negotiations. I therefore consider it acceptable and indeed desirable that there should exist an incidence of publicly unfunded programs among post-secondary institutions for this is testimony to board vitality and responsiveness.

Because circumstances can change, I consider it important that the door to new program funding should not be perpetually shut in the wake of Government refusal to fund any particular initiative or activity. I consider that a reasonable rule of thumb might explicitly acknowledge the right of any institution to resubmit for new program support initiatives that have been denied funding in the past.

This right should be exercisable at stipulated intervals -- say every five years.

In my view, the dictates of equity are satisfied when institutions are aware that their initiatives entail similar degrees of risk under known funding rules. Equity is not a matter of constraining the discretion of government, duly structured by the principle of ministerial responsibility, to designate certain programs as eligible for funding and others as ineligible. This includes situations where similar programs at different institutions are involved, for to say otherwise would be to negate the capacity of government to achieve system rationalization.

On the basis of my knowledge of other jurisdictions, I should add that a proper balance in the relations between government and board-governed institutions entails the freedom of the former to discontinue the funding of hitherto recognized programs for any reasonable cause, for example, program duplication, program quality or fiscal stringency. And it very much entails the freedom of institutions to cancel unfunded programs which, however desirable they may be to the community or to mission-oriented public agencies, are deemed by their boards to have become

either unaffordable or incompatible with institutional aims and objectives.

In light of these considerations, I acknowledge the various submissions I have received with respect to unfunded programs, notably from the Banff Centre,[8] Lethbridge Community College[9] and Mount Royal College,[10] and deem that these cases are properly encompassed by the general principles I have outlined.

UNRECOGNIZED COSTS

Certain post-secondary institutions incur operating costs that are the unavoidable outcome of the mandates they pursue. I refer, in the case of northern institutions, to the additional costs that arise from location and, with respect to universities, to the indirect costs of research. To the extent that these costs are not recognized, the resulting inequity lies precisely in the fact that the institutions concerned are not being financed in a manner that is commensurate with their differences from the institutions not so affected.

With respect to costs arising from a northern location, testimony at the hearings pinpointed additional costs arising from higher-volume energy consumption, the transportation of goods from suppliers, and outreach programs delivered at long distances from college campuses.[11] It was conceded that personnel compensation costs are not at issue because location can be as much a matter of personal preference as a deterrent to the filling of positions.[12] Exceptions arise in places so remote that major employers, e.g., the Governments of Alberta and Canada, enrich compensation packages with isolation allowances but college operations do not currently extend to such locations.[13]

It may be that northern costs receive a degree of implicit recognition under existing funding practices, particularly as they affect new space and new program grants. But visibility and accuracy in the pursuit of equity would both be well served by a Government policy which accorded explicit recognition to such costs.

I appreciate that explicit recognition of northern costs among post-secondary institutions has potential implications for the manner in which such costs may be recognized in other facets of provincial

government operations. Such recognition may therefore encompass issues that lie well beyond my terms of reference. In the circumstances, I deem it appropriate to recommend that consideration should be given to the adoption of a Government policy that would accord explicit recognition to northern costs in the funding of post-secondary institutions. Models on which to base the implementation of such a policy are readily available, for example in Ontario.

As for the indirect costs of university research, the issue of their explicit recognition lies well beyond the mandate of the Minister of Advanced Education. This issue has long languished -- I choose the term pointedly -- in the penumbra of the lofty matters of federal-provincial fiscal relations that are the preserve of Canada's eleven first ministers and their ministers of finance.

Systematic pursuit of the advancement of knowledge is for universities the core function that distinguishes them from all other post-secondary institutions. Their success in this endeavor is a key measure of their socio-economic utility. It is also the standard by which the scholarly and scientific stature of each of them is judged, nationally and internationally.

Three federal agencies -- the Medical Research Council, the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council of Canada -- have long played a major role in the financing of university research. Research is funded as well by a variety of other federal agencies and, to Alberta's great credit, provincial agencies. The importance of the three federal research councils, which expended over $500 million in 1986-87, lies in the breadth of the competitive terms on which their support is accorded. Council grants, for which all scholars and scientists in Canada are eligible, are adjudicated on the basis of peer judgement. The relative success of the members of the professorial staff of any given university in securing council grants thereby becomes a universally acknowledged measure of the excellence of their institution.

Among the smaller Canadian universities, The University of Lethbridge takes justifiable pride in the federal research council support received by its academic staff, a level per staff member that places Lethbridge among the two or three highest of sixteen comparable Canadian institutions.[14] As for Alberta and Calgary, their funding bespeaks the stature that is

theirs as major Canadian universities. The pace at which their council grants continue to grow, notwithstanding fiscal austerity, remains unrelenting. As of 1985-86, the $21.6 and $13.3 million in federal council grants they respectively received represented in each instance an increase of almost 30 percent over the amounts received three years previously.[15]

The federal research councils have never recognized the indirect costs of the research they support. The reason lies in various fiscal transfer arrangements that have existed between the Government of Canada and the provinces. Between 1967 and 1977, the federal government claimed that it implicitly recognized a portion of these costs through a post-secondary education transfer payment to provincial governments that encompassed 50 percent of recognized post-secondary expenditures in each province. Since 1977, recognition is implied through the block funding arrangements of so-called Established Program Financing but these arrangements are insensitive to rates of change in institutional spending.

Whatever the precise design of federal-provincial fiscal transfers, they have always perpetrated an inequity among Canadian universities on a national scale. This is because indirect research

costs are not explicitly funded in the individual universities that incur them. The incidence of a university's indirect research costs is proportional to the amount of research grants that its scholars and scientists have received.

The upshot is a situation that has been graphically described in testimony recently offered to the Standing Committee on National Finance of the Senate of Canada. In the words of the President of Northern Telecom, Mr. David G. Vice:

> Zero overhead means that the grant does not pay for any indirect costs and for many of the direct costs associated with the proposal. Thus NSERC grants do not pay for light, heat, laboratory space, secretarial support, or other administrative services. All of these costs fall on an already strained university budget.[16]

It is worth emphasizing that, absent explicit funding of indirect research costs in the university that incurs them, the greater the penalty inflicted on the very university whose scholars and scientists are most successful in securing research grant support. Submissions to this Equity Study yield their own evidence of what is involved: The University of Calgary pleads deficiencies in support staff[17] while

the University of Alberta points to its antiquated telephone system.[18] Indirect research costs are genuine; when they are not explicitly recognized, they are funded at the expense of the institution as a whole. I have not seen a more cogent summary of the situation than that offered to the same Senate Committee by the President of the University of Waterloo, Dr. Douglas Wright:

> In fact, it is through (payment of indirect costs) that the great American universities are able to survive. I think it is important to note that it is often said that there is no Massachusetts Institute of Technology (MIT) in Canada or, for that matter, no Harvard. In fact, if MIT were removed from Massachusetts to Canada, it would shrivel up and die under our policies; it could not survive.[19]

The demands of excellence therefore join the dictates of equity in speaking for explicit recognition of the indirect costs of university research. Speaking personally, almost twenty years have passed since I was party to a formal recommendation by a Science Council-Canada Council Study Group that governments should fund the full indirect costs of the research they support[20]. Having made this recommendation in 1969, I am gratified that the March, 1987 Report of the Standing Senate Committee on National Finance

recommends similarly.[21] And in the context of this Equity Study I gladly seize the opportunity -- once more, with feeling -- to recommend that the Government of Alberta should take cognizance of the recommendations of the March, 1987, Report of the Standing Senate Committee on National Finance concerning the funding of the indirect costs of university research and should pursue the implementation of these recommendations in its relations with the Government of Canada and its own research funding practices.

THE UNIVERSITY OF CALGARY

The University of Calgary's written submission presents a claim in equity for an upward adjustment in provincial operating support of $28.6 million. This is stated to be the amount required to raise its provincial operating grant from $6,583 per FTE student to $8,041 per FTE student, the level that prevails at the University of Alberta.[22] The premise that underlies this claim is clearly and succinctly articulated on the second page of the submission. "In 1975-76, all the universities in Alberta were removed from weighted enrolment formula funding, and funded at that time at the same rate per FTE student ($4,100)".[23]

It is a fact that when the total provincial operating grants actually received in 1976-77 by the University of Alberta, The University of Calgary and The University of Lethbridge are measured in dollars per FTE student, they are virtually on a par with one another: $4,122, $4,118 and $4,185 respectively.[24] This fact is not in dispute. For me at the hearing, the crucial determination was whether parity of funding per FTE student had occurred as a matter of Government policy or whether it was simply the coincidental outcome, in that year, of granting decisions based on a variety of other, quite different rules or rationales. The full and frank testimony given at the hearing by President Wagner and Dr. F.A. Campbell convinced me beyond any shadow of a doubt that parity of funding in 1976-77 was merely a coincidental outcome and that the rules in effect were as I have presented them in Chapter Two.

I need not repeat my exposition of these rules here, but I deem it pertinent to highlight the specific evidence that bears on The University of Calgary's operating grant in 1976-77. The grant total for that year is $53,008,500 which on an FTE student basis of 12,871 is indeed $4,118.[25] Of this amount,

$45,765,000 comprises what I have called the inherent formula component, and is clearly indicated in the Minister's grant letter as the product of $2,055 (the previous year's enrolment unit value plus 5 percent) times 22,270 units. There is then a non-formula carry-over of $3,759,000 and new program grants of $481,500. The total thus far is $50,005,500 and represents the operating grant indicated as receivable in the Minister's grant letter, signed by the Deputy Minister and dated January 9, 1976.[26]

In the months that followed, there ensued, in Dr. Campbell's words, "lengthy discussion between the Board of Governors and the Minister".[27] The thrust of these discussions is summarized in a letter dated June 10, 1976 from the Chairman of the Board of Governors to the Minister. This letter cites as the key concern unusual and unexpected growth in 1975-76 enrolment which had amounted to 13.6 percent against a projection of 5.1 percent.[28] By letter dated July 16, 1976, the Minister recognized this situation with a special circumstances grant of $2,820,000.[29] This amount, plus other special grants of $183,000[30] brought The University of Calgary's operating support for 1976-77 to $53,008,500.

It is abundantly apparent that the University's grant reflected (1) continued recognition of program cost differentials represented by program weights in a formula now insensitized to enrolment; (2) carry-over of earlier non-formula grants; (3) new program grants negotiated on the basis of program costs; (4) a special circumstances grant that explicitly recognized unusually high enrolment growth. There was no policy to fund The University of Calgary or any other university at $4,100 or any other flat amount per FTE student. The only such policy emerged in 1982-83 and was explicitly confined to Supplementary Enrolment Funding. Furthermore, it joined existing policies, it did not displace them. Indeed, Dr. Wagner explicitly acknowledged in his testimony the validity of the granting policy approach to new programs that accords explicit recognition to differential program costs.[31] In fact, as I have pointed out in Chapter Two, new program grants at The University of Calgary in 1984-85 ranged from $2,470 to $34,200 per FTE student. Had it been Government policy to fund institutions across-the-board without reference to program costs, gross inequities would have been perpetrated.

In the result, I am inexorably driven to the conclusion that the claim submitted in the written submission of The University of Calgary is unfounded. Nonetheless, it remains incumbent upon me to probe the equity of this university's relationship to its sister institutions. I am satisfied that inequities are not to be found in the inherent formula, new space or new program components of its funding. I, therefore, focus on the funding recognition of enrolment growth.

Between 1976-77, when enrolment sensitivity was decoupled from formula funding and 1982-83, when the Supplementary Enrolment Fund was established, provincial recognition of enrolment growth, other than in new programs, was through special circumstances grants. Such a grant was the vehicle for the $2,820,000 received by The University of Calgary in 1976-77. Given subsequent enrolment growth, Calgary received a second special circumstances grant of $1 million in 1981-82. Meantime, enrolment growth occurring at Athabasca University and The University of Lethbridge was also recognized, but through special circumstances grants that properly focused primarily upon the institutional development of an open distance-learning university (Athabasca) and a small

undergraduate institution (Lethbridge). The University of Alberta did not experience enrolment growth and was properly unfunded for this non-existent circumstance.

In principle, I consider that enrolment funding through special circumstances grants took account of the differences in the condition of the four universities. But was its magnitude commensurate with the circumstances peculiar to The University of Calgary? The distinguishing characteristic of this university, ably presented in its submission, is its clear emergence within the last decade as a large, full-service, research-oriented institution comparable to any other major Canadian university. In its current configuration, I do not consider that The University of Calgary warrants growth funding on special terms and I deem that its grants from the Supplementary Enrolment Growth Fund have been equitable.

I, therefore, consider that if I am to ask whether this university's enrolment funding was commensurate with its circumstances, the appropriate focus for my attention is the $1 million received in 1981-82. Measured in dollars per FTE student of enrolment growth since 1976, this special circumstances grant was $527. So that any recognition might be

accorded in 1981-82 to enrolment growth at The University of Calgary (or for that matter any other institution), a specific Government decision was required and taken. This is because the general policy which prevailed from 1976-77 until 1982-83 was that operating grants to post-secondary institutions were insensitive to enrolment. That the decision to award a special circumstances grant to The University of Calgary was made and that this decision involved a sum of $1 million is a matter of record. It is quite beyond my capacity as an occasional practitioner of the art of historical reconstruction to discern whether the amount of $1 million was selected with an eye on what might be a fair recognition of enrolment growth in dollars per FTE student of that growth or whether this amount was picked because it involved a reasonable order of magnitude. Either way, the result of the decision was that The University of Calgary received, as an addition to its base operating grant, a financial recognition of enrolment growth that appears fair given the later level of growth funding subsequently provided through the Supplementary Enrolment Fund beginning in 1982-83.

These considerations give me no ground on which to question the reasonableness of the amount of

$1 million in so far as it sought to recognize at The University of Calgary a special situation of enrolment growth per se. As mentioned, however, I discern that another special circumstance characterized The University of Calgary in the period 1976-82: its emergence as a full-service, research-oriented university comparable to other major Canadian institutions. Although no specific recognition of this circumstance during that time was, to the best of my knowledge, systematically sought or accorded, I consider that such recognition could have been equitably accorded given the treatment of Athabasca University and The University of Lethbridge. This treatment was sensitive in each instance to peculiar institutional circumstances which included but were not limited to enrolment growth.

Is it possible to quantify the peculiar circumstances that marked the emergence of The University of Calgary as a full-service, research-oriented institution? In attempting to do so, I examined Ph.D. student enrolment at Calgary in relation to Ph.D. enrolment at Alberta, but found that there was no material difference in growth rates during the 1970s. Where institutional comparison did yield a

material contrast was in the growth rates of sponsored research at the two universities. For reasons outlined earlier in this Chapter, I attach particular significance to federal research council grants as a universally acknowledged measure of the scholarly and scientific standing of universities.

It turns out that federal research council grants provide a measure which supports a finding that The University of Calgary did indeed emerge as a major research university in the early 1980's, having been on the path to such emergence until that time. As of 1985-86, the federal research council grants received by Alberta and Calgary had increased by almost identical percentages over the amounts respectively received by the two institutions three years previously. This is telling testimony to the emergence of The University of Calgary. On the other hand, between 1976 and 1982, federal research council grants increased by 150% at Calgary while exhibiting a 100% growth at Alberta, thereby tracking Calgary's path to emergence.

As of 1982, The University of Calgary received $8.8 million in federal research council grants. Had grant support since 1976 grown by 100% instead of 150%, Calgary would have received $7.2

million. I consider that the difference of $1.6 million is a measure of the extent to which, given non-recognition by federal Councils of indirect costs, the operating finances of The University of Calgary were particularly affected while it emerged. Like Calgary, the University of Alberta was and remains adversely affected by unrecognized indirect costs but their relative pressure on the more mature of these two institutions, given lesser growth in federal research council grants, was commensurately lower. Indeed, the President of the University of Alberta supported this proposition in his testimony at the hearings.[32]

In this setting, I discern that retroactive recognition of the emergence of The University of Calgary, at the beginning of this decade, as a major research-oriented Canadian university, would be consistent with equity considerations. As for the amount of such recognition, it can be fairly based on the $1.6 million differential in federal research council support generated by Calgary's 150% growth rate in this support between 1976 and 1982. This differential subjected Calgary to financial pressures occasioned by unrecognized indirect costs that were

proportionally higher than the pressures borne by the University of Alberta. Taking this $1.6 million differential, together with estimates by the Canadian Association of University Business Officers that indirect costs can range from 50% to over 100% of direct costs depending on the definition employed,[33] I consider, with no delusion of precision, that the sum of $1 million would constitute equitable recognition. Accordingly, I would dispose of The University of Calgary case by recommending that <u>consideration should be given to an upward adjustment of $1 million in the base operating grant accorded to The University of Calgary in retroactive recognition of its emergence in the early 1980's as a full-service, research-oriented university comparable to other major Canadian institutions</u>.

THE UNIVERSITY OF LETHBRIDGE

The University of Lethbridge is clearly distinctive within Alberta and distinguished among Canadian universities of its type. As a small, almost entirely undergraduate institution anchored in the core disciplines of arts and science, the University has been funded in a manner that is sensitive to these

special circumstances. Its written submission presents a case for continued and indeed enhanced recognition of instructional and non-instructional cost differentials arising from peculiarities of institutional scale, type and location. Some $8.9 million of current operating expenditures are attributed to these cost differentials. On the revenue side, it is estimated that the University receives some $7 million of its current operating grant of $23 million in recognition of these differentials. There accordingly remains what the submission identifies as an "equity shortfall" of $1.9 million.[34]

Under examination at the hearings, the Lethbridge submission fared well when viewed on its own terms as an exercise derived from standard university costing models. While the exercise presented in the submission can be questioned at the level of detail, I take no particular exception to its methodology. However, I have come to discern two reasons why it would be premature to dispose of the University's case on the basis of such an "equity shortfall" exercise at this time.

The first is that I cannot ascertain whether the University should be considered to be an institution that is on the path to an enrolment level

that would make it financially viable without special funding or whether it should be viewed as an institution which must always be sub-optimal in scale and hence indefinitely compensable as such. To determine whether The University of Lethbridge is the former or the latter type of institution requires a systematic, forward-looking assessment of its curriculum, physical capacity and enrolment configuration.

What the hearings make apparent is that the University is currently at full physical capacity with respect to the first and second year of arts and science but could accommodate appreciably larger numbers of students in the third and fourth years.[35] Absent the requisite upper-year enrolment, faculty resources fall short of permitting the diversity of course offerings that is desirable in these years. But upper-year curriculum shortfalls mean that enrolment in these years suffers in turn to the extent that students transfer from Lethbridge to other institutions after second year.

Perhaps the answer to this conundrum lies in an adjustment to operating revenues that recognizes the special circumstances besetting upper year offerings.

Perhaps the answer lies in a combination of capital and operating funds designed to accommodate a higher number of first- and second-year students out of which a more financially viable pool of third- and fourth-year students might materialize. Perhaps the answer lies in a fundamental appraisal of the desirability of offering three-year as well as four-year undergraduate degree programs. It is not for me to discern which of these or other answers is most appropriate. I can only offer the considered opinion that absent an answer any measurement of "equity shortfalls" geared to institutional type and size will be purely hypothetical.

My second reason why it would be premature to dispose of the Lethbridge case on the basis of an "equity shortfall" exercise lies in what I can only call an anomaly in rule application which gives me reason to suspect that the University's current operating grant may be below the level it might have attained under applicable granting rules. In the course of exploring, subsequent to the hearings, the manner in which operating grant rules have been implemented, I uncovered an instance, peculiar to Lethbridge, which makes it apparent that neither the

University nor the Department pursued a new program funding initiative to its conclusion. This initiative is described in a letter of intent dated September 3, 1982, from the then President of The University of Lethbridge, Dr. John W. Woods, to the then Minister, Honourable James D. Horsman, concerning program developments involving the School of Fine Arts. What portion of this initiative might properly have been eligible for new program funding is indeterminate but it is likely substantial. However, the negotiation of such funding was never systematically pursued. Meantime the current configuration of the School of Fine Arts, as submitted in the University's written submission simply for descriptive purposes, strongly suggests that the initiative intended in 1982 has been substantially implemented.[36] The likely upshot is that the operating budget of The University of Lethbridge has been burdened with unfunded program costs -- not by virtue of properly denied new program funding -- but in the absence of any structured negotiation or determination as contemplated by prevailing practice. Ensuring that the operating revenue of The University of Lethbridge is indeed what it could be under existing rules is at once a prerequisite to the calculation of any equity short-fall and an equity consideration in its own right.

In light of the above considerations, I am disposed to recommend that The University of Lethbridge and the Department of Advanced Education should undertake forthwith to negotiate new program grants in the area of Fine Arts; any consequent adjustment in the University's operating support should be taken into account in calculating such further financial recognition as might be accorded to the University's peculiar circumstances as a predominantly undergraduate institution once these circumstances have themselves been clarified by a formal and forward-looking assessment of its curriculum, physical capacity and enrolment configuration.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY

This is a strongly argued case to the effect that SAIT was inequitably treated in relation to NAIT when these two technical institutes were converted to board-governed status in 1982. It therefore revolves around the manner in which what I have called the original conversion components of these institutes' base operating grant was determined. The setting in which such a determination is made is important. As field agencies of a government department, provincially

administered institutions are not at arm's length with that Department in the mode of board-governed institutions. Instead, they are in a line relationship through the Deputy Minister to the Minister. Their academic, administrative and support staff are provincial civil servants. They do not receive provincial grants; instead, they are funded by budgetary allocations as are the headquarters divisions of the Department to which they belong. Any tuition or other user fees that they collect are ministerially determined and taken into the revenue of the Government, which also owns their assets.

Once it was decreed by Cabinet that NAIT and SAIT were to become board-governed institutions, all of the above would cease to characterize their relationship to Government. But the many decisions which their change of status involved took place of necessity within the field agency setting from which NAIT and SAIT would emerge as board-governed on July 1, 1982. Unravelling what happened has demanded an exercise in historical reconstruction which, given turn-over among the individuals involved, documentary gaps and the normal fallibility of human memory was anything but easy. In that the exercise turned out to

be feasible, I gratefully acknowledge the written and oral evidence provided by SAIT, a written response to SAIT's submission prepared at my request by the Department of Advanced Education and subjected to an open examination at the SAIT hearing, and the assistance provided to me by former officials of the Department, a number of whom are now at both SAIT and NAIT.

I have extracted from a mass of detail the three issue areas that I deem strictly relevant to the equity of the NAIT and SAIT conversion. They are (1) the Department's estimates of institute non-grant revenue in the first year of board-governed status; (2) the application of a Government practice known as "vacancy discounting" to their expenditure estimates; (3) the removal by Treasury Board of $2.6 million from SAIT's expenditure estimates under the heading "over-hiring".

(1) <u>Departmental estimates of non-grant revenues</u>. The revenue which SAIT generated for Government as a provincially administered institution was $6,428,435 in 1980-81 and $6,742,742 in 1981-82. At the time in 1981-82 that a revenue estimate was made for the soon-to-be board-governed SAIT, the latter

figure would not yet have been known, but it is likely that the former was in hand. The revenue estimate for 1982-83 was $7,759,800 which is 15 percent above 1981-82 revenue and 17 percent above 1980-81 revenue. The revenue which NAIT generated for Government was $5,127,218 in 1980-81 and $5,348,071 in 1981-82. It was known at the time the 1982-83 revenue estimate for the converted NAIT was made that a cafeteria operation it had managed as a provincially administered institute would be transferred to the Alberta Vocational Centre in Edmonton. Accordingly, $355,100 was removed from the base on which NAIT's 1982-83 revenue was projected. The amount of revenue projected, $5,040,200, was less than 1 percent above the corrected base for 1982-83 and 4 percent above the corrected base for 1980-81.[37]

(2) <u>The application of "vacancy discounting" to expenditure estimates</u>. "Vacancy discounting" was described in testimony as a very common budgeting practice throughout the Government of Alberta in the late nineteen seventies and early nineteen eighties.[38] It involved reducing salary budgets by anticipating the savings incurred from temporary vacancies occasioned by staff turn-over. In the 1981 Government budget

exercise, NAIT's and SAIT's 1981-82 spending estimates were both discounted by $400,000.[39] One year later, in the budget exercise that estimated the two institutes' expenditures for 1982-83 under board-governed status, NAIT was subjected to a vacancy discount of $700,000. A zero vacancy discount was applied to SAIT.

(3) Removal of $2.6 million for "over-hiring". In the process of approving what was to become the board-governed SAIT's base operating grant in 1982-83, Treasury Board removed $2.6 million from the estimate.[40] The notation given for this removal was "over-hiring", the term which Treasury applies when a Government agency's operational activity exceeds its budgeted level. As a field agency of the Department of Advanced Education, SAIT had been permitted to fund some 290 non-permanent positions through in-year reallocations from the Department.[41] These positions were required to meet SAIT's program obligations and the necessary $2.6 million in funding was therefore included by the Department in the 1982-83 estimate for SAIT that was submitted for Treasury Board's approval. The $2.6 million was nonetheless removed because the positions covered by this amount had not been part of the agency's permanent position allocation in the previous year.[42]

I accept as established facts what I have stipulated above concerning the departmental estimates of post-conversion revenue, the application of vacancy discounting and the removal of $2.6 million for over-hiring. Before I assess their implications for the equity of the relationship between NAIT and SAIT, two presumptions must be made explicit and I consider both to be reasonable. The first is that NAIT and SAIT, on the eve of conversion, were being funded in accordance with the educational services they were respectively directed to deliver as field agencies, and that they were accordingly in an equitable relationship to one another. The second is that, whatever the rationales for the individual decisions that shaped the base operating grants accorded to NAIT and SAIT in their first year as board-governed institutions, it was the over-arching intention of the Government to establish them in their new status on a level playing-field, i.e., in an equitable condition vis-à-vis one another. Its inherent reasonableness aside, this presumption is supported by the Department's response to SAIT's written submission. This document states: "The conversion process was intended to bring the Institutes to board-governed status with the same services and

funding levels as they enjoyed as Provincially Administered Institutions (PAIs)".[43]

It remains for me to determine what impact the facts I have set forth had on the equity of the immediate post-conversion relationship between NAIT and SAIT. Each determination requires me to discern whether the impact was to overfund or to underfund either of the two technical institutes in relation to the other.

(1) Estimates of non-grant revenue. I have established that SAIT's immediate post-conversion revenue was projected at a level 17 percent above 1980-81 non-grant revenue, the amount that was likely known at the time the projection was made during 1981-82. The comparable projection for NAIT was 4 percent above the 1980-81 level. The lower NAIT projection entailed a proportionate reduction in the initial base operating grant accorded to NAIT which was lower than the corresponding reduction in the grant accorded to SAIT.

I cannot reconstruct what led to these evidently divergent projections. In the event, it turns out that both projections substantially underestimated the actual non-grant revenues that NAIT

and SAIT collected in their first year of operation as board-governed institutions. The actual increases realized were 77 and 26 percent respectively.[44] It is clear in both instances that the autonomy which accompanied board-governed status had a positive impact on the institutes' revenue-raising capacity. This would have been occasioned not only by board decisions concerning fee levels but by institute access to interest income from liquid assets and cash flow formerly retained by Government.

In this setting, I consider it a reasonable judgement to declare that the SAIT estimate was more reasonable than the NAIT estimate. Had NAIT's 1980-81 revenue of $5,127,218, duly reduced by $350,000 as noted above, been projected at a rate of 17 percent for a total of $5,589,000, NAIT's base operating grant for 1982-83 would have been reduced by the difference between this amount and $5,040,000 or $549,000. I read the result as a consequent overfunding of NAIT vis-à-vis SAIT in the amount of $549,000, which amount would have been removed from NAIT's base operating grant had its non-grant revenue been projected similarly to SAIT's.

(2) Vacancy Discounting. In that a vacancy discount of $700,000 was applied to the estimates that became NAIT's 1982-83 base operating grant while no such discount was applied to SAIT's, the SAIT grant was self-evidently larger than it would otherwise have been. I deem it salient to emphasize that vacancy discounting applied to Government agencies as a general rule, and involved rough estimates of in-year savings realized from the temporary vacancies occasioned by personnel turn-over. Once NAIT and SAIT ceased to be field agencies, any such savings would accrue to them rather than Government. But to apply such a discount to the 1981-82 budgetary allocations on which their 1982-83 grants became based was quite in order. In the circumstances, I consider that the non-application of this discount to SAIT had the effect, in 1982-83, of over-funding SAIT in relation to NAIT.

What would have been SAIT's vacancy discount had it been treated similarly to NAIT? One answer is that given SAIT's somewhat larger size at the time, its vacancy discount might have been slightly larger than NAIT's $700,000. However, I have before me evidence which testifies that the application of vacancy discounting was not as refined as this answer

surmises. In 1981, when NAIT and SAIT were about to enter their last year as provincially administered institutions, each was informed that its vacancy discount was $400,000.[45] This evidence permits as an alternative answer that SAIT might have been vacancy discounted for 1982-83 in the same dollar amount as NAIT, namely $700,000. Selecting this alternative, I read the zero vacancy discount actually applied to SAIT as having overfunded SAIT by $700,000 in relation to NAIT.

(3) <u>Removal of $2.6 million from SAIT estimates</u>. I have explained the rationale for removing this amount from SAIT's estimates. What must be material for my determination is the total funding that SAIT and NAIT were receiving prior to conversion in order to enable them to provide the services they were directed to provide as field agencies of the Department of Advanced Education. The source of this funding, which in the event for SAIT came in part from Departmental sources other than SAIT's permanent complement budget, is immaterial to that determination. Therefore, I find that the removal of this $2.6 million from the estimate which led to SAIT's 1982-83 base operating grant underfunded SAIT by this amount.

I shall now summarize my over-all determination of the relationship in equity between NAIT and SAIT as occasioned by the circumstances reviewed. There is an overfunding of NAIT in relation to SAIT of $549,000. There is an overfunding of SAIT in relation to NAIT of $700,000. And there is an underfunding of SAIT in relation to NAIT of $2.6 million. Taking SAIT's case strictly on its own terms as involving underfunding in relation to NAIT, I determine that the net extent of this underfunding is $1.9 million.

At this juncture, it is incumbent upon me to qualify this determination for what it is worth. It rests upon an exercise in historical reconstruction which by its very nature cannot claim to exhaust all of the considerations that, as of 1982-83, may have contributed to or detracted from an equitable relationship between NAIT and SAIT. Also, the determination is situated in circumstances that are more than five years old. Given the separation from SAIT of the Alberta College of Art in 1985, the current SAIT is not comparable to the 1982-83 SAIT.

I deem it proper that I should give due weight to these considerations in arriving at a

disposition of this case. For one thing, I do not consider that the dollar figures involved should be adjusted for inflation or interest. For another, the amount by which SAIT can be said to have been underfunded in relation to NAIT should be apportioned between the present SAIT and the Alberta College of Art. I observe that at the time Alberta College of Art became a separate board-governed institution, it was agreed that it should acquire 7.3 percent of SAIT's financial surplus. This percentage yields \$140,000 on the \$1.9 million of SAIT's net underfunding, and my disposition should be affected accordingly. Finally, and not least because a degree of overfunding has been associated with NAIT in relation to SAIT, I consider that my disposition should explicitly convey my considered opinion that a precipitous realignment of the equity relationship between the two institutes would be contrary to the over-riding desideratum of institutional stability.

In light of all the above considerations, I dispose of this case by recommending that <u>the Government, in determining the level of operating grants it accords to the Northern Alberta Institute of Technology, the Southern Alberta Institute of Technology and the Alberta College of Art over the next</u>

<u>three to five years, should take account of a historical overfunding of NAIT in relation to SAIT of $550,000, and of a historical underfunding of SAIT and Alberta College of Art in relation to NAIT which amounts to $1,760,000 and $140,000 respectively</u>.

ALBERTA COLLEGE OF ART

This case arises from the financial arrangements pursuant to which the separation of the Alberta College of Art (ACA) from SAIT transpired in 1985. It is submitted that these arrangements have not permitted ACA to acquire an administrative structure appropriate to its status and responsibilities as a free-standing, board-governed public college.

The budgetary implications of separation were assessed by a Minister's Advisory Committee composed of prominent private-sector individuals and were found at the time to involve operating costs in excess of $6 million annually.[46] This Committee's assessment included what might constitute a suitable complement of administrative personnel for ACA. The operating grants that have so far been made available to the College have fallen well short of covering the costs identified

by the Minister's Advisory Committee. By testimony of the Board Chairman, the consequent economy measures pursued by the Board have had a particularly severe impact in the administrative area.[47] My own examination indicates that, in its current configuration, ACA's senior administrative echelon makes allowance, in addition to a president, for an academic dean and at most, three positions at the director level -- five senior positions in all.

With an FTE student enrolment of 630, ACA is currently the smallest of the eleven public colleges. Fairview, with an FTE enrolment of 935, is the next smallest college. I have ascertained that Fairview's senior administrative echelon is comprised, in addition to a president, of three vice-presidents, a dean and four directors for a total of nine positions. I am mindful that the vast geographical area served by Fairview may influence the size of its administrative complement. In quest of another comparison, I have found that Medicine Hat College, at a time when it had fewer students than now, might offer a more relevant benchmark. I have ascertained that when this College, in the late nineteen seventies, had an enrolment of some 850 students, it had a president, two vice-presidents and five directors for a senior administrative complement of eight.[48]

This provides me with reasonable ground on which to find that ACA, with its senior administrative complement of five, is in a staffing position that is not commensurate with its status as a small, board-governed public college. As to the actual configuration that ACA's administrative structure should assume, I am loath to substitute my judgement for what its board can best determine in the light of its knowledge of the College's opportunities and responsibilities. In any event, my terms of reference focus attention on the equity of ACA's situation vis-à-vis similarly situated colleges, not on the adequacy of its administrative staffing.

In this light, what I deem salient to a disposition is simply the existence at ACA of a senior administrative complement which numbers only five positions, none of which is at the vice-presidential level. What appears warranted in equity is funding which would enable the Board to choose an administrative structure which, with or without the addition of vice-presidential or other specifically designated positions, bears comparison to other colleges. With no delusions of precision, I consider that additional funding in the order of $200,000 would be conducive to this result, and accordingly recommend

that <u>consideration should be given to an upward adjustment of $200,000 in the base operating grant of the Alberta College of Art in order to enable ACA to acquire an administrative infrastructure commensurate with its status and responsibilities as a board-governed public college</u>.

GRANDE PRAIRIE REGIONAL COLLEGE

Notwithstanding the sincerity with which Grande Prairie Regional College alleges inequity in its financing, I have been unable to discern that this is indeed the case. By various quantitative measures with which I have sought to probe the equity of college funding, Grande Prairie appears to be equitably situated vis-à-vis its sister institutions. Thus, for example, Grande Prairie's new program funding is fully in line with the funding received by other colleges for similar new programs when the grants are calculated on an FTE student basis (Table 2.9). Grande Prairie's share of Supplementary Enrolment Funding, when measured on the same basis, is $921 per FTE student of accumulated enrolment growth against the college average of $871 (Tables 2.5 and 2.6). On the LCC curve (Figure 2.1) which relates per-student funding to size,

Grande Prairie, as the smallest of the original six public colleges, appropriately receives the highest funding. Its per-student funding is somewhat lower than that of Lakeland, which is about the same size and was converted to board-governed status in 1978. But it is reasonable to surmise that program mix accounts for this difference. Indeed, the President of Fairview College offered the observation that Grande Prairie's larger average enrolment per program, coupled with its "more stable enrolments in the sense that a large proportion come in September, goes through to May (and continues) in the same fashion over two years",[49] as an explanation for Grande Prairie's position. This is consistent with the relative absence at Grande Prairie of trades-related programs, whose enrolment patterns are volatile. This relative absence, in turn, is not accidental.

What distinguishes Grande Prairie and Fairview from other public colleges is the existence of a written inter-board agreement concerning the educational services that they provide. As noted in Chapter One, this agreement, originally made in 1978 and renewed with minor wording changes in 1981 and 1983, gives Fairview the apprenticeship training

mandate and Grande Prairie the university transfer mandate in northwestern Alberta. I appreciate the fact that this agreement has been a source of some controversy in the community. But of itself, controversy is not a symptom of inequity.

The agreement has indeed meant that Grande Prairie did not share in the trades program developments that flowed from the Government's Regional Expansion Thrust (the College's trades funding tracked in Table 2.4 antecedes the Thrust). Without explicit agreement, Grant MacEwan College and Mount Royal College were likewise excluded. The very content of the Government policy subsumed in the Regional Expansion Thrust precluded trades training in these Edmonton- and Calgary-based colleges, proximate to NAIT and SAIT. I view inter-board agreements and government policies as alternative instruments for rationalizing program offerings among institutions. That such instruments occasion differences among institutions does not raise equity concerns. What equity demands is that institutions be treated in a manner commensurate with their differences, not that institutions be identical.

Grande Prairie's written submission and the testimony of its president argue strongly that the

College has been unduly constrained in providing educational services. At the level of financial data, however, this argument is less than robust. From Table 2.2 it is apparent that the 1976 inherent budget component of Grande Prairie's base funding accounted for only 38.1 percent of the base operating grants it received in 1986-87. This is the lowest percentage recorded by any college other than the recently converted Alberta College of Art. Indeed, only Medicine Hat (41.2 percent) and Red Deer (46.7 percent) join Grande Prairie as colleges whose 1976 inherent budget or original conversion component accounts for less than half of 1986-87 base operating grants. As a component of the 1986-87 base, Grande Prairie's grants for new programs other than trades and manpower is 28.6 percent, the highest of any of the colleges. In this light, Grande Prairie's funding hardly appears to have been insensitive to new development.

These data notwithstanding, I attach credence to the difficulties that Grande Prairie has been experiencing in securing funds to deliver programs that are within its mandate in northwestern Alberta, for example, academic upgrading in the village of Hythe and business administration in Valleyview.[50] My difficulty

lies in discerning a matter of equity as I view a scene which to me raises, if anything, a matter of adequacy.

Be the problem one of equity or adequacy, what I can readily conclude is that the matter should be examined in the context of the whole range of educational services available in northwestern Alberta. At least two such examinations were conducted in the 1970's.[51] Given current ministerial concern for program rationalization and also the fact that new capital facilities will shortly come onstream at Grande Prairie, I consider that I can most appropriately dispose of this case by recommending that <u>priority should be accorded to a systematic examination of post-secondary educational needs and resources in north-western Alberta</u>.

GRANT MACEWAN COMMUNITY COLLEGE

In a written submission to which I am indebted for a wealth of information on the funding of the public colleges and technical institutes, Grant MacEwan Community College (GMCC) suggests the existence of three instances of inequitable treatment, two of which have rather broad implications and accordingly

received attention in Chapter Two. I refer to Manpower Core Funding and to what the GMCC submission called the "internal growth funds" allegedly occasioned elsewhere by declining enrolment in apprenticeship programs. With respect to Manpower Core Funding and, for that matter, the funding of Trades Programs, I have found that the treatment of GMCC, like that of Mount Royal, is commensurate with its difference as a college in close geographical proximity to a technical institute. As for so-called "internal growth funds", I have discerned that the issue raises a question of over-funding at the technical institutes, justifying in turn the underfunding of these same institutes in the allocation of Supplementary Enrolment Funding. Parenthetically, I can make the further observation, based on Table 2.11, that GMCC's share of this Funding has been an equitable one.

This leaves the matter of leasing expenditures, concerning which GMCC makes a claim in equity for $630,000. The circumstances that prompt this claim stem from rising demand for student places which in the course of this decade far outstripped GMCC's physical facilities. In a series of board-sanctioned efforts to accommodate the initial volume of

demand, miscellaneous leasing arrangements costing $130,000 per year were made to acquire additional space at GMCC's Jasper Place campus.[52] Then, as rising demand for student places continued unabated, GMCC decided to set aside $500,000 to lease yet additional space and approached the Department of Advanced Education with a proposal.[53] Discussions conducted over a two-year period, coupled with the opportunity to lease a major downtown building, led to the opening, in the fall of 1986, of GMCC's 7th Street Plaza campus. The costs of leasing this facility are met in part through new funding from the Department, in part through an annual contribution of $500,000 from the College.

The essence of the GMCC position submitted to me is that its leasing situation leaves the College inequitably situated because Supplementary Enrolment Funding which elsewhere can be applied to the academic cost of accommodating additional enrolment must at GMCC be devoted to physical space. GMCC therefore seeks government recognition of the entire $630,000 currently spent on leasing.

I have ascertained that as of 1987-88, GMCC is indeed devoting an elevated proportion of operating expenditures to leasing. Table 3.1 indicates for that

year leasing expenditures as a percentage of total budgeted expenditure and of budgeted non-salary expenditures at the eleven public colleges. At 7.2 percent of total expenditure and 32.8 percent of non-salary expenditure, GMCC's leasing expenditures are by much the largest in the college system. As a proportion of non-salary expenditures, leasing accounts for 16.1 percent at Grande Prairie and 13.8 percent at Lakeland; in the remaining colleges it accounts for zero to 4.4 percent.

The relatively high leasing costs being experienced at Lakeland are occasioned by its regional mandate and recognized as such by Government. Those at Grande Prairie are the temporary outcome of a situation in which this college awaits the imminent acquisition of owned space acquired through capital grants. The even higher leasing costs at GMCC arise in a setting where no new capital grant support is in the offing.

In arriving at a determination, I consider it proper to take due account of the fact that GMCC's current situation is the outcome of a board decision to volunteer the amount of $500,000 in relation to the 7th Street Plaza campus and of other board decisions that authorized $130,000 in leasing expenditures for the

TABLE 3.1
1987-88 PROPOSED LEASING EXPENDITURES
IN THE PUBLIC COLLEGE SECTOR

	Alberta College of Art	Fairview College	Grande Prairie Regional College	Grant MacEwan Community College	Keyano College	Lakeland College	Lethbridge Community College	Medicine Hat College	Mount Royal College	Olds College	Red Deer College
Leasing as % of Total Overall Proposed Expenditures	—	0.8%	4.2%	7.2%	0.7%	3.8%	0.3%	0.1%	1.0%	0.3%	0.9%
Leasing as % of Non-Salary Expenditures	—	2.9%	16.1%	32.8%	3.1%	13.8%	1.6%	0.4%	4.4%	1.1%	3.9%

SOURCE: Table 1 as submitted by the Public Colleges as part of 1987-88 Operating Budget for approval by the Minister.

Jasper Place campus. In the Alberta post-secondary system, autonomous board decisions of this kind will and should be taken from time to time without raising considerations of equity among institutions. They are matters of internal priority-setting properly left to the discretion of the individuals responsible for the institutions on whose boards they serve. Such is my view of the GMCC decisions authorizing the $130,000 in miscellaneous leases for the Jasper Place campus.

If I am disposed to take a modified view of the $500,000 involved in leasing for the 7th Street Plaza campus, this is because of the open-ended nature of this commitment for an indeterminate period of time. Government's priorities with respect to new capital grants for the colleges are not currently known nor is the availability of funding for such purposes. In a setting where other colleges have temporarily shouldered leasing costs from which subsequent capital grants provided relief, I discern that GMCC will acquire a strong case in equity for operating recognition of its leasing outlay for the 7th Street Plaza campus if capital funding does not materialize in the proximate future. Accordingly, I shall dispose of the GMCC leasing case by recommending that <u>if</u>

<u>Government determines within the next year that its capital grant priorities will not permit Grant MacEwan Community College to own space equivalent to that currently in service at this College's 7th Street Plaza campus, there should be an upward adjustment of $500,000 in the College's operating grant</u>.

OLDS COLLEGE

In its written submission, Olds College submits that funding inequities have adversely affected its capacity to provide services in the areas of counselling, student learning assistance and computing. My generic disposition of the computing case was outlined earlier in this Chapter. As for counselling and student learning assistance, the written submission suggested the possibility that the identified deficiencies might stem from the College's conversion to board-governed status in 1978.[54] Under examination at the hearings, it was conceded that these deficiencies bear no relation to conversion but have become apparent in the light of subsequent developments.[55] I therefore conclude that such needs as Olds can document in the areas of counselling and student assistance do not raise an issue of equity.

They may be a matter of funding adequacy. If so, I shall simply observe that the situation might be viewed in the context of Olds' relative overfunding from the Supplementary Enrolment Fund as identified in Table 2.11.

OVERFUNDING

What from a standpoint of equity I have deemed to involve situations of overfunding are limited in number. In the realm of Supplementary Enrolment Funding, three institutions appear overfunded in the light of the criteria I have applied: Lakeland College, The University of Lethbridge and Olds College (see Table 2.11). Lakeland's relative overfunding is under $10,000 and therefore trivial. The situations of The University of Lethbridge and Olds should be assessed in the broader context of their institution - specific cases as outlined in this Chapter.

My disposition in this Chapter of the SAIT case suggests the existence of a historically conditioned level of overfunding at NAIT in relation to SAIT. I have very appropriately stipulated, however, that any realignment of the equity relationship between these two institutes, given the over-riding desideratum of institutional stability, should be phased in over time.

This leaves the matter of the relative overfunding of the two technical institutes taken together vis-à-vis the public colleges. For the reasons outlined in Chapter Two, I have found that this condition justifies the relatively substantial underfunding of NAIT and SAIT from the Supplementary Enrolment Fund. It may be, as fragmentary evidence suggests, that NAIT and SAIT remain overfunded in relation to the colleges, but I cannot quantify the extent of such overfunding, if any. Fairness compels me to observe that overfunding is a possibility given the relative intensity of hands-on instruction at NAIT and SAIT in business programs that they offer in common with the public colleges. But I consider that the matter can be more appropriately resolved in the context of program rationalization than in the confines of this Equity Study.

CAPITAL FUNDING

By its terms of reference, this Equity Study does not extend beyond the realm of operating grants. That there has existed, with respect to the replacement and updating of capital facilities, an important and enlightened Government policy is material to the setting in which Alberta's post-secondary institutions

operate and was appropriately acknowledged in Chapter One. In the course of this Study, two of these institutions, the University of Alberta[56] and the Alberta College of Art,[57] submitted that the formula pursuant to which replacement and updating funds are allocated is less sensitive to older buildings and items of equipment than desirable. I consider that my terms of reference have excused me from probing this matter in any detail. I consider it appropriate, however, to record that my experience elsewhere indicates that equity considerations speak for capital replacement and updating policies that take account of institutional differences generated by a high incidence of old buildings or by inventories that are heavily weighted with older items of equipment.

FOOTNOTES, CHAPTER THREE

1. Equity Study Hearings, Mount Royal College Transcript, pp. 38-40.

2. Equity Study Hearings, Lethbridge Community College Transcript, pp. 43-47.

3. Equity Study Hearings, Red Deer College Transcript, pp. 43-49.

4. Equity Study Hearings, Olds College Transcript, pp. 21-25.

5. My own searches indicate that Fairview, Grande Prairie, Grant MacEwan, Keyano, Lakeland and Lethbridge all received computer services from NAIT prior to its conversion. Olds was serviced by SAIT for student registration and NAIT for finance.

6. Equity Study Hearings, Red Deer College Transcript, pp. 6, 42 and 50.

7. Equity Study Hearings, The University of Lethbridge Transcript, pp. 39-43.

8. Equity Study Hearings, The Banff Centre Transcript, pp. 2-13.

9. Equity Study Hearings, Lethbridge Community College Transcript, pp. 4-8.

10. Equity Study Hearings, Mount Royal College Transcript, pp. 33-36.

11. Equity Study Hearings, Keyano College Transcript, pp. 37-38; Lakeland College Transcript, pp.35-36.

12. Equity Study Hearings, Keyano College Transcript, pp. 34-35.

13. Ibid., pp. 39-40.

14. The University of Lethbridge, Equity Study Submission, p. 6.

15. Data from the Department of Advanced Education.

16. Quoted in _Report of the Standing Senate Committee on National Finance: Federal Policy on Post-secondary Education_, Second Session, Thirty-third Parliament, March, 1987, p. 53.

17. The University of Calgary, _Supplementary Data to The University of Calgary Corrections and Clarification Paper_, p. 20.

18. The University of Alberta, _Equity Study Submission_, p. 8.

19. _Report of the Standing Senate Committee on National Finance_, _op. cit._, p. 54.

20. John B. Macdonald, L. P. Dugal, J. Stefan Dupré, J. B. Marshall, J. Gordon Parr, Ernest Sirluck and Erich Vogt, _The Role of the Federal Government in Support of Research in Canadian Universities_, Ottawa: Queen's Printer, 1969, pp. 137-143.

21. _Report of the Standing Senate Committee on National Finance_, _op. cit._, pp. 56-57, 98 and 102.

22. _The University of Calgary's Position on Funding Inequity Among Alberta Universities_, June 1, 1987, p. 20.

23. _Ibid_., p. 2.

24. _Ibid_., p. 18.

25. _Ibid_., p. 16.

26. Equity Study Hearings, _The University of Calgary Transcript_, pp. 27-30; Letter to Dr. W.A. Cochrane, President of The University of Calgary, from W.H. Worth, Deputy Minister, January 9, 1976.

27. Equity Study Hearings, _The University of Calgary Transcript_, p. 30.

28. Letter to the Honourable A.E. Hohol, Minister, from R.A. MacKimmie, Chairman of the Board of Governors, The University of Calgary, June 10, 1976.

29. Letter to R.A. MacKimmie, Chairman of the Board of Governors, The University of Calgary, from the Honourable A.E. Hohol, Minister, July 16, 1976.

30. The University of Calgary's Position on Funding Inequity Among Alberta Universities, p. 16.

31. Equity Study Hearings, The University of Calgary Transcript, p. 33.

32. Equity Study Hearings, University of Alberta Transcript, p. 39.

33. Canadian Association of University Business Officers, Report on the Study of the Costs of University Research, August 1982.

34. The University of Lethbridge, Equity Study Submission, pp. 15-24.

35. Equity Study Hearings, The University of Lethbridge Transcript, pp. 20-21 and 32-36.

36. The University of Lethbridge, Equity Study Submission, p. 12.

37. With one exception, the dollar figures in this paragraph are from Department of Advanced Education, "SAIT - Operating Grant Inequity Brief", Equity Study Submission, Appendix I. The amount of $355,100 removed from the NAIT non-grant revenue base is derived from the August 18, 1982 letter from the Honourable James D. Horsman to Mr. Al McCagherty, Chairman, Board of Governors, NAIT.

38. Equity Study Hearings, SAIT Transcript, p. 26.

39. Equity Study Hearings, SAIT Transcript, p. 28; also letters to SAIT and NAIT from Henry Kolesar, Deputy Minister, April 22, 1981.

40. Alberta Treasury, Manpower Expenditure Estimates Forms, 1982-83, NAIT Element and SAIT Element.

41. SAIT, Equity Study Submission, p. 23; Department of Advanced Education, Equity Study Submission, p. 2.

42. Equity Study Hearings, SAIT Transcript, pp. 32-33 and passim.

43. Department of Advanced Education, Equity Study Submission, p. 1.

44. *Ibid.*, Appendix I and, with respect to SAIT revenue, Equity Study Hearings, *SAIT Transcript*, pp. 15-16.

45. See letters cited above, footnote 39.

46. Equity Study Hearings, *Alberta College of Art Transcript*, p. 8.

47. *Ibid.*, p. 9.

48. Equity Study Hearings, *Medicine Hat College Transcript*, pp. 21-22.

49. Equity Study Hearings, *Fairview College Transcript*, p. 46.

50. Equity Study Hearings, *Grande Prairie Regional College Transcript*, pp. 4-5 and 26.

51. Desmond E. Berghofer and Alan S. Vladicka, *Access to Opportunity, 1905-80*, *op. cit.*, p. 46.

52. Equity Study Hearings, *Grant MacEwan Community College Transcript*, p. 42.

53. *Ibid.*, pp. 38-39.

54. Olds College, *Equity Study Submission*, pp. 2-3.

55. Equity Study Hearings, *Olds College Transcript*, pp. 37-38.

56. Equity Study Hearings, *University of Alberta Transcript*, p. 58.

57. Equity Study Hearings, *Alberta College of Art Transcript*, pp. 26-27.

Chapter Four
Post-Secondary Institutions and Government: Managing the Relationship

CHAPTER FOUR

POST-SECONDARY INSTITUTIONS AND GOVERNMENT: MANAGING THE RELATIONSHIP

I am directed by my terms of reference "to propose whatever measures may be deemed relevant to ensuring the maintenance of a fair and equitable distribution of operating grants over time." Possible measures were addressed by the institutions in their written submissions and subjected to examination at the hearings.

At the time of the hearings, I of course did not know what my findings on the equity of the current distribution of operating grants would be. It has turned out that my central finding, as outlined in Chapter Two, is that "such inequities as I can detect are exceptions in a setting where, as a general proposition, those in similar situations are being treated similarly and those in different situations are being treated in a manner commensurate with their differences." On balance, therefore, the current distribution of operating grants approximates an equitable condition.

It follows that maintaining equity in the future is not a matter of having to take heroic measures to establish it in the first place. I discern that it is rather a matter of taking a variety of steps, no single one of which is remotely momentous but all of which, taken as a whole, could significantly enhance the joint capacity of Government and the institutions to manage their relations productively. The steps that I have identified can be suitably presented under three headings: housekeeping matters, information sharing and structural adjustments. I shall outline them in that order and then conclude this Chapter by addressing the over-all relationship between Government and the board-governed post-secondary institutions in general terms.

HOUSEKEEPING MATTERS

Although data on operating grants are fully reliable and comparable, the same cannot be said of institutional enrolment data. The universities, given their long legacy of formula funding, constitute the exception. For their part, the colleges have had available the common guidance afforded by a manual on FTE student counting compiled in 1977. But inconsistencies in data collection remain, for example,

in the realm of continuing education.[1] More problematic yet are the enrolment counts of the technical institutes which were accustomed to different activity measures prior to their conversion to board-governed status in 1982. The institutes continue to experience difficulties in applying the 1977 college manual. Testimony at the hearings indicates that a group called the Senior Academic Officers has been at work on the subject but that the college and institute presidents have yet to endorse a common means of arriving at fully comparable FTE student counts.[2]

Given the passage of time and the crucial role of FTE student counts in the distribution of the Supplementary Enrolment Fund, I consider that the situation invites resolution through the active assistance of the Minister of Advanced Education. All counting rules necessarily involve a degree of arbitrariness; what is important is that consistency in the application of common procedures be secured. I therefore recommend that <u>the Minister should consider directing that the Department of Advanced Education, after appropriate consultation, prepare for his expeditious promulgation a revised enrolment counting manual for the common use of all colleges and technical institutes</u>.

Although strictly comparable FTE student counts will enhance the confidence of all concerned in the equitable distribution of the Supplementary Enrolment Fund, a margin of error will necessarily persist because current-year enrolments, which can only be estimated, are included in the calculations which the management of this enrolment growth envelope entails. As I have already pointed out, I consider that equity can tolerate a margin of error in accumulated growth funding which can reasonably be established in a range of plus or minus ten percent. But I came away from my examination of funding rules impressed -- I should say depressed -- by the administrative burden that gauging current-year enrolment estimates imposes on institutional and, more especially, Government officials. It strikes me that the values of accuracy and simplicity would be well served -- and the margin of error which equity can tolerate reduced -- if the distribution of the Supplementary Enrolment Fund was shifted to a slip-year basis. Accordingly, I recommend that <u>consideration should be given to eliminating current-year enrolment estimates from the calculations involved in managing the Supplementary Enrolment Fund</u>.

INFORMATION SHARING

What I discern about the existing state of relations between Government and the institutions can be stated simply. These relations are compartmentalized into one-to-one, i.e., <u>bilateral</u>, relations between Government and each institution to the relative neglect of <u>multilateral</u> relations encompassing Government and <u>all</u> institutions. Bilateral relations should continue to play an important role but multilateralism should be pursued assiduously and vigorously. The merits of this proposition can be readily illustrated both retrospectively and prospectively.

Retrospectively, it is instructive to reflect upon the precipitous enrolment drop in apprenticeship training occasioned by economic circumstances and concentrated at NAIT and SAIT. Had the funding of NAIT and SAIT taken no account of this enrolment drop, an inequity would have been perpetrated. Indeed, the existence of such an inequity was suspected by the public colleges whose submissions to me alleged that NAIT and SAIT were the beneficiaries of "internal growth funds" in the form of the resources that became available to these institutes for internal reallocation to other programs once apprenticeship enrolment plummeted.

It was left for me to detect and, through this Study, publicize the fact that Government, in fact, pursued an equitable condition in operating grant distribution by substantially underfunding NAIT and SAIT in the allocation of the Supplementary Enrolment Fund. Had it been known that NAIT and SAIT received an average of $309 per FTE student of enrolment growth from this envelope, while the public colleges averaged $871, the college perception that prompted their allegation of inequity would have been dispelled. A more telling retrospective illustration of the need for a more open, multilateral relationship between Government and the institutions could scarcely be devised.

At this juncture, the fact that there was recourse to the Supplementary Enrolment Fund as the means of adjusting the operating grants accorded to NAIT and SAIT, provides the springboard from which to illustrate prospectively both the need for pursuing multilateral relations and the continuing importance of bilateral relations. What were the alternatives to the use of the Supplementary Enrolment Fund? In the absence of a formula legacy for the funding of colleges and institutes, there are few means of even roughly

approximating the grant revenue that can be associated with enrolment decreases in particular programs. In certain instances -- for the universities as well as the colleges and institutes -- recently negotiated new program grants can offer a reference point for approximating the cost of educating a given number of students in a program with a particular cost structure. But these situations are limited in number. As in the NAIT-SAIT apprenticeship case, they do not extend to programs whose funding has long been built into an institution's base operating grant.

To the extent that the Government's prospective exercise in program rationalization means that particular programs at particular institutions may be scaled down or eliminated, equity, to say nothing of efficiency, demands funding adjustments that will be commensurate with associated reductions in institutional commitments. I discern that the most practical means of making such adjustments lies in bilateral negotiations between the Department of Advanced Education and each institution concerned. This will have the advantage of building upon the negotiating experience that has been acquired in the funding of new program grants; what is different is

that the outcome will involve downward financial adjustments. However, lest new perceptions of inequity come to focus viscerally on the varying levels of such adjustments, the outcome of each bilateral negotiation, and the criteria pursuant to which they are conducted, should be known to all institutions. Along the way, more precisely equitable adjustments will have been made than those that were applied to NAIT and SAIT through the management of the Supplementary Enrolment Fund.

The immediate steps that should be considered lie in the domain of multilateral and indeed open information sharing. First, the rules that guide the distribution of operating grants should be assembled and kept up to date in a conveniently available document. I suggest that the material presented in Chapter Two of this Study offers an illustrative starting point and that the Annual Report of the Department of Advanced Education is the appropriate document in which to publicize these rules in a regularly updated format. Second, the operating grants paid to each institution pursuant to these rules should be published annually in the same document. I illustrate a format for publicizing the grants made

under current rules in Appendix F. By way of formalizing these suggestions, I recommend that <u>consideration should be given to the Annual Report of the Department of Advanced Education as the appropriate document in which to present (1) the basic rules that govern the distribution of operating grants to board-governed post-secondary institutions and (2) a financial breakdown by principal component of the operating grants received annually by each such institution</u>.

The above recommendation encompasses what should be viewed as initial steps in the information sharing required to sustain productive multilateral relations between Government and the institutions. I consider it practical and proper to leave the subsequent steps to those who, as parties to these relations, can identify in an ongoing manner, the desirability and feasibility of developing enhanced data and other informational resources. What remains for me is to address the structuring of these relations.

STRUCTURING MULTILATERAL RELATIONS

There exist a number of structures which provide various elements for the management of productive relations between Government and the board-

governed post-secondary institutions. The institutions' own relations with one another are underpinned for the universities by the Universities Co-ordinating Council. There is a Council of Presidents which regularly brings together the executive heads of the colleges and technical institutes. The meetings of the latter Council can be opened to the presidents of the universities and The Banff Centre; such a meeting proved invaluable to me at the time I was launching this Equity Study in March of 1987.

There is yet another body, described at the hearings as having been in existence "sporadically"[3] over several years, whose potential was being actively developed while this Equity Study took place. I refer to a steering committee of college, institute and university presidents known by the acronym STEERCUP. Composed of five presidents -- two from the universities, two from the colleges and one from the technical institutes -- STEERCUP is currently in the process of expanding its membership to include three officials of the Department of Advanced Education, one of them a representative of the Department's educational field agencies. I am informed that STEERCUP, so composed, may acquire the name Consultative Forum on Post-Secondary Education in Alberta.

Under this or any other name, I applaud the initiative that is involved. The management of a more open, multilateral relationship between Government and the institutions is a matter not only of information sharing but of developing effective consultative mechanisms. Beyond the mechanism that is envisaged under the rubric of the Consultative Forum, I consider that one additional step is warranted. I refer to the desirability of establishing, as a matter of Government policy, the convening of an annual plenary meeting of the Minister of Advanced Education with the executive heads of all board-governed post-secondary institutions.

By referring to this meeting as an "Annual Plenary", I do not mean to suggest that such a gathering be simply a once-a-year occasion; it can and should meet more frequently when this is desirable. What the words "Annual Plenary" are meant to establish is that there will be at least one such assembly on a regularly re-occurring basis, thereby giving both Government and the institutions a fixed reference point for the purpose of consultative or information-sharing activities conducted at a variety of other levels, whether on specific subjects, e.g., program rationalization, or in

particular domains of expertise, e.g., that of finance officers. I consider that the nascent Consultative Forum on Post-Secondary Education constitutes the logical mechanism for planning the agenda of the Annual Plenary and for co-ordinating the activities that result from the Plenary's deliberations. In this light, I recommend that <u>it should be established, as a matter of Government policy, that there shall be an Annual Plenary Meeting of the Minister of Advanced Education with the executive heads of all board-governed post-secondary institutions</u>.

In making this recommendation, I am gratified to observe that I can lay no claim whatsoever to promulgating an original idea. Instead, I am simply endorsing a proposal that the institutions repeatedly advocated in the course of the hearings, in part because of their positive experience with a meeting convened by the Minister of Advanced Education in February of 1987. And in endorsing this proposal, I attribute particular weight to the reasoned advocacy offered on its behalf by the Presidents of NAIT and SAIT,[4] both of whom have brought to their current positions a wealth of experience as senior government officials.

CONCLUDING OBSERVATIONS

In addition to matters of information sharing and structure, the hearings elicited institutional views on the various mechanisms that are available to promote the future equity of operating support. These are widely known and range from weighted formulas to designated envelopes to minor modifications of existing practices which themselves already include an inherent formula element in the case of universities and an envelope approach to enrolment growth funding for all institutions. The views of the substantial majority of institutions converged around the advisability of continuing existing practices for the time being. I endorse these views, not least in light of my over-all finding on the equity of the current distribution of operating grants, and for two other reasons as well. First, what is the hopefully short-term challenge posed in Alberta by conditions of fiscal stringency properly commands the priority attention of Government and the institutions. Second, to continue existing practices does not in any way preclude the implementation of alternative mechanisms of funding distribution at any time this is deemed advantageous by those concerned.

It is appropriate that such mechanisms be left to evolve as the natural by-products of more open and multilateral relations between Government and the institutions.

The proposed structuring of these relations invites Government to consult actively with the institutions in the process of formulating its policy initiatives. I consider it important to emphasize that it likewise invites the institutions to consult actively with Government. In the realm of institutional initiatives that can be cited to illustrate this proposition, I find a telling example in the University of Alberta's current contemplation of the possibility of significantly increasing the size of its graduate student body. As I put it to President Myer Horowitz at the hearings, the addition of say 2,500 graduate students to the enrolment of his university, assuming constant revenues, might only be possible if three times as many undergraduates were removed from his institution. What might be the implications of accommodating these 7,500 undergraduates elsewhere, both for other institutions and for Goverment? Dr. Horowitz's reply, that this is "something we have to work on"[5] speaks for itself in conveying that consultation between Government and institutions must be a two-way street.

In the last analysis, the productivity of the relationship between Government and the institutions will hinge, as it always has, on the behavior pattern of the participants. In his opening remarks at the Fairview College hearing, President Neil W. J. Clarke spoke with admirable cogency of the behavior of Alberta's board-governed post-secondary institutions vis-à-vis Government. His incisive statement is well worth quoting at length:

> In the political sense, Boards compete with each other in attracting funds, information, support, rights and approvals from Government. This is done with a sense of respect for other institutions and for Government, and is done with the knowledge that resources are finite, and that resources are insufficient to allow us to do everything that we believe should be done.

The statement continues:

> There are, then, times when we lobby Government strongly for a continued or even greater share of the resources available. Rules and protocols for this have evolved to ensure that some order is preserved. At other times, we in the institutions tone down this lobby, accept for the time being the resources provided, and attend to the tough job of establishing priorities on which we expend the funds and other resources that are available. The protocol for this involves many subtle but necessary stages:

> - knowing when to quit;
> - knowing when to blame Government for the lack of resources;
> - withdrawing from certain aspects of the lobby with grace;
> - making appropriate statements to the public and to internal constituents as to what has been "won" or "lost";
> - re-establishing full cooperation with sister institutions; and
> - preparing for the next round of lobbying.
>
> The process is iterative, and the cycle is different for various types of lobbies: it is annual for operating grants; it is *ad hoc* for program approvals; and so on.[6]

I consider this admirable statement to be prescriptive as well as descriptive. In particular, the six-point protocol it contains might well be framed on the wall of every post-secondary board room in Alberta. It deserves similar treatment in the Government's own offices, not least because it addresses a situation in which institutions are indeed competitive. I have always considered that competition registers the vitality of a system of post-secondary education. In a setting where institutional competition meets the standards outlined in the protocol I have cited, the correspondingly desirable behavior pattern on the part of Government is one that accords the utmost respect to institutional autonomy, resists the temptation of ostensibly "neat and tidy" administrative "solutions", and fosters competition in a framework of widely known and understood rules and principles.

FOOTNOTES - CHAPTER FOUR

1. Equity Study Hearings, _Mount Royal College Transcript_, pp. 24-28.

2. Equity Study Hearings, _NAIT Transcript_, p. 32.

3. Equity Study Hearings, _The University of Calgary Transcript_, p. 61.

4. Equity Study Hearings, _NAIT Transcript_, pp. 59-63; _SAIT Transcript_, pp. 64-70.

5. Equity Study Hearings, _University of Alberta Transcript_, p. 47.

6. Neil W. J. Clarke, "Opening Statement: Equity Study", pp. 1-2; see also Equity Study Hearings, _Fairview College Transcript_, pp. 3-5.

Appendices

APPENDIX A

SOLICITATION OF WRITTEN SUBMISSIONS

Alberta
ADVANCED EDUCATION

Devonian Building, 11160 Jasper Avenue, Edmonton, Alberta, Canada T5K 0L1

March 13, 1987

To: Presidents

Dear

As you are aware, I have undertaken to serve as the Advisor to the Minister of Advanced Education in the matter of whether the existing distribution of operating grants among post-secondary institutions is equitable. My terms of reference, a copy of which is enclosed, impose a tight reporting deadline. I therefore hasten to convey to you how I propose to go about my assignment.

Special Assistant

I have already selected the individual who will serve as my full-time Special Assistant. He is Mr. Gerald Waisman of the Department of Advanced Education. In making my selection, three factors were paramount. I sought an individual whose credentials as a finance analyst are well established; whose knowledge of the Alberta scene can be counted upon to remedy my own deficiencies in this regard; and whose involvement in the financing of post-secondary education has not been so protracted as to suggest a vested interest in the historical accumulation of past funding decisions. Mr. Waisman meets all three criteria admirably. I ascertained that his reputation is established well beyond his current Department, notably among Treasury officials. And the fact that he has been in Advanced Education for six years balances my need for first-hand knowledge with my instinctive respect for the pitfalls of historical determinism.

... /2

Mr. Waisman is in charge of managing all aspects of my work and constitutes your key liaison point in the months ahead. More particularly, his assistance will be available to you throughout the inquiry phase of my assignment, which I propose to complete by June 30.

Inquiry Phase

This phase of my assignment will unavoidably impose a considerable burden on each of you. It is incumbent upon me to ensure that I develop the clearest possible picture of what each institution believes may be less than equitable about the existing distribution of operating grants.

I therefore invite each of you to submit a written brief by June 1. This brief may be accompanied by submissions from any particular groups within your institution whose views, in your opinion, should be made known to me. Five copies of each brief and any accompanying submissions should be sent to Mr. Waisman at the address on this letterhead. If any of you wish to submit a joint brief with another institution, this will be acceptable. Copies of every brief submitted to me should also be forwarded, at the same time, to all the institutions encompassed by my terms of reference.

Arrangements will be made so that, in the latter half of June, I shall have the opportunity to engage each of you in a frank and open dialogue about the positions taken in your written brief. Frankness, on my part, will involve taking the stance that while I may be geographically from Ontario, I come to you in spirit from Missouri.

The Written Briefs

In line with the terms of reference which govern my assignment, each written brief should address two matters. First, it should identify and quantify which, if any, characteristics of the existing distribution of operating grants leave your institution in a condition that, vis-a-vis the sister institutions you deem relevant, is less than equitable. Second, it should express your considered opinion of what measures might be taken to help maintain a fair and equitable distribution of grants in future.

(1) The Existing Grant Distribution

Identifying and quantifying whatever may be less than equitable in the existing grant distribution begs a prior question. How can an equitable condition in the distribution of operating grants be defined? For your guidance, the working definition on which I intend to proceed is as follows:

... /3

An equitable condition among institutions can be deemed to exist when those in similar situations are treated similarly and those in different situations are treated in a manner that is commensurate with their differences.

There are many ways to attempt to identify and measure whether an equitable condition exists among post-secondary institutions. Among those with which I am familiar are: the costs of different programs; the mix of student enrolment (graduate, professional, undergraduate, academic, technical, apprentice, vocational, etc.); the volume of sponsored research in relation to the indirect costs of research; infrastructure costs associated with specialized capital equipment or libraries; the over-all size of an institution, its geographical location or the peculiarity of its mandate. How each of you chooses to identify and quantify what you consider less than equitable in the existing grant distribution is for you to determine.

(2) The Future Distribution of Operating Grants

This matter raises the question of what approach to distribution might help to ensure equity in the long run. Your answer to this question need not take on the degree of elaboration with which I expect you to identify and quantify whatever inequities you believe characterize the existing grant distribution. One alternative is formula financing. It is important that you express your considered opinion on the principle of formula financing and your assessment of the relative weight which might be accorded to such possible formula components as enrolment, program costs, etc. Another alternative is the distribution of grants pursuant to Ministerial discretion structured by criteria established as government policy and known to all institutions. I invite your views concerning the latter alternative, including the criteria whose establishment you might favor.

Liaison

I am delighted that it has proven feasible for us to establish personal contact on Friday, April 3. I hope to initiate, at that time, liaison which will ensure the greatest possible consistency in whatever data provide the basis for your submissions. In this regard, Mr. Waisman will be at your disposal as your briefs are being prepared. I ask that each of you nominate an individual to facilitate contact between your institution and Mr. Waisman, whose Edmonton phone number is 427-7144.

I look forward enormously to the opportunity of collaborating with you in the months ahead.

With grateful regards.

Yours sincerely,

J. Stefan Dupré

J. Stefan Dupré

cc: The Honourable Dave Russell

APPENDIX B
EQUITY STUDY INSTITUTIONAL CONTACTS

Mr. Lorne Leitch
Dr. Robert Crawford
Dr. Fin Campbell
Mr. Eric Hillman
Mr. David Yates
Mr. Gary Frey
Mr. Tom Anderson
Mr. Daniel Dunwoody
Mr. Herb Wyness
Mr. Barry Snowden

Mr. Rick Buis
Mr. Clayton McKinley
Mr. Dean Cooper
Mr. Chuck Meagher
Mr. Alex Dobbins
Mr. Allan Neil
Mr. Roy Swanson
Mr. Joe Batty
Ms. Beatrice Saturley
Ms. Penny Cairns

APPENDIX C

SCHEDULE OF HEARINGS

Date	Location	Agenda - Institutional Submissions
Wednesday, June 17	Edmonton	University of Alberta Athabasca University Westerra
Thursday, June 18	Edmonton	Fairview College Grant MacEwan Community College Grande Prairie Regional College
Friday, June 19	Edmonton	Keyano College Lakeland College NAIT
Monday, June 29	Calgary	The University of Calgary Mount Royal College The Banff Centre
Tuesday, June 30	Calgary	SAIT Alberta College of Art
Thursday, July 2	Lethbridge	The University of Lethbridge Lethbridge Community College Medicine Hat College
Friday, July 3	Red Deer	Red Deer College Olds College

APPENDIX D
UNIVERSITIES COMMISSION STATEMENT OF WEIGHTS

Category	Weight Assigned	Type and/or Level of Student
A. Full-Time Undergraduate Students		
1	1	General Arts; first year Honors Arts; General Science; first year Honors Science; first two years Agriculture; first two years Household Economics; first two years Nursing.
2	1.5	Upper Years Honors Arts; Fine Arts; first two years Education; Commerce; Physical Education; Law; Rehabilitation Medicine; Dental Hygiene; Medical Laboratory Science; first two years Engineering.
3	2	Upper Years Honors Science; Upper Years Education; Music; Upper Years Nursing; Upper Years Household Economics; Pharmacy.
4	3	Dentistry (D.D.S.); Medicine (M.D.); Upper Years Engineering.
5	4	Upper Years Agriculture.
B. Full-Time Graduate Students		
6	2	Masters in Business Administration, Social Work and Library Science.
7	3	First year graduate students in: Arts; Education (including Diploma); and Law.
8	4	First year graduate students in: Science; Dentistry; Engineering; Household Economics; Medicine; Pharmacy; Physical Education.
9	5	First year graduate students in Agriculture.
10	6	Upper year graduate students - except Agriculture.
11	8	Upper year graduate students in Agriculture.

C. Part-Time Students

1. Part-time undergraduate students (regular session, evening credit, summer session, and other) will receive one-fourth the weight of full-time students in the same program of study.
2. Part-time graduate students will receive one-third the weight of full-time students in the same program of study.

APPENDIX E
PUBLIC COLLEGES AND TECHNICAL INSTITUTES
NEW PROGRAM GRANTS RECORDED AS SUCH IN 1984-85

College	New Program	1984-85 Funded FTE	$ 1984-85	$/FTE	
Fairview College	Agriculture Business	24.0	5,420	226	
	Electrician (App 3)	8.0	55,072	6,884	
	Plumber (1-4)	21.0	122,231	5,821	
	Clerk Typist	20.0	31,797	1,590	
	Vocational Preparation	30.0	103,582	3,453	
	Beekeeping	25.0	66,245	2,650	
	Crop Chemical	20.0	30,111	1,506	
	Heavy Duty Mechanic (App 3-4)	18.0	79,456	4,415	
	Transitional Vocational[1]	30.0	110,500	3,683	
	Motorcycle Mechanic	12.0	73,400	6,117	
	Electrician (App 4)	3.0	42,900	14,300	
	Motor Mechanic (App 4)	9.0	50,028	5,559	
Grande Prairie Regional College	Transitional Vocational (VRDP)[2]	10.0	88,410	8,841	- Funded by Alberta Career Development and Employment
	Early Childhood Development	55.0	124,058	2,256	
	Nursing	48.0	934,300	19,465	
	Computer Systems Technology	40.0	333,200	8,330	
	Visual and Performing Arts	95.0	585,000	6,158	
Grant MacEwan Community College	Occupational Health Nursing (Extended Care)	15.0	151,600	10,107	
	Native Communications	20.0	237,878	11,894	
	Insurance Administration	60.0	139,600	2,327	
	Volunteer Management	30.0	88,179	2,939	
	Dance Teacher	25.0	144,500	5,780	
	Fibre Arts	10.0	173,300	17,330	

1) Does not include 29,160 from the Department of Social Services.
2) In 1984-85 Alberta Career Development and Employment was called Alberta Manpower.

SOURCE: Ministerial Operating Grant Letter plus institutional and departmental correspondence.

APPENDIX E
PUBLIC COLLEGES AND TECHNICAL INSTITUTES
NEW PROGRAM GRANTS RECORDED AS SUCH IN 1984-85 (continued)

College	New Program	1984-85 Funded FTE	$ 1984-85	$/FTE	
Grant MacEwan Community College (continued)	Microcomputer Management	100.0	164,100	1,641	
	Applied Research (Research Assistant)	20.0	126,900	6,345	
	Early Childhood Development	90.0	96,377	1,071	
	Correctional Officer	82.0	43,100	526	
	Expansion of Nursing	28.0	586,200	20,936	
	Theatre Arts	73.0	568,300	7,785	
Keyano College	Early Childhood Development	42.0	89,129	2,122	
	Industrial/Construction Worker	33.3	55,886	1,678	
	Electrician (App 2-4)	20.0	121,600	6,080	
	Carpenter (App 3-4)	12.0	48,178	4,015	
	Plumber (App 3-4)	9.0	44,352	4,928	
	Motor Mechanic (App 3-4)	9.0	61,904	6,878	
	Heavy Duty Mechanic (App 3-4)	21.0	109,619	5,220	
	University Transfer	80.0	381,302	4,766	
	Power Engineering (CML) (headcount)	100.0	110,000	1,100	
	Millwright (App 4)	20.0	54,200	2,710	
	Partsman (App 1-3)	24.0	101,100	4,213	
	Nursing	48.0	677,900	14,123	
Lakeland College	Early Childhood Daycare	50.0	215,560	4,311	
	Vocational Preparation	200.0	415,534	2,078	
	Electrician (App 1-3)	28.0	142,800	5,100	
	University Transfer - Year 1	43.0	168,055	3,908	
	Plumber (App 1-4)	24.5	190,000	7,755	
	Business Administration	130.0	628,200	4,832	
	Transitional Vocational (VRDP)[2])	8.0	97,800	12,225	- Funded by Alberta Career Development and Employment

NOTE: Keyano's Power Engineering CML shows headcount not FTE's.

APPENDIX E
PUBLIC COLLEGES AND TECHNICAL INSTITUTES
NEW PROGRAM GRANTS RECORDED AS SUCH IN 1984-85 (continued)

College	New Program	1984-85 Funded FTE	$ 1984-85	$/FTE	
Lethbridge Community College	Transitional Vocational	14.0	89,800	6,414	
	Sheet Metal Mechanic (App 1-4)	18.0	137,200	7,622	
	Partsman (App 1-3)	9.0	42,400	4,711	
	Heavy Duty Mechanic (App 1-4)	24.0	132,700	5,529	
	Retail/Industrial Security	20.0	86,720	4,336	
	Academic Upgrading	275.0	156,578	569	
	Early Childhood Development	67.0	220,079	3,285	
	Rehabilitation Services	60.0	156,179	2,603	
	Drafting Technology - Year 2	30.0	206,200	6,873	
	Computer Science Technology	40.0	203,730	5,093	
	Civil Engineering Technology	64.0	392,600	6,134	
	Electronics Technology - Year 2	16.0	260,000	16,250	
	Expansion of Nursing	24.0	471,200	19,633	
Medicine Hat College	Power Engineering	42.0	170,893	4,069	
	Autobody Mechanic (App 1-3)	15.0	101,947	6,796	
	Carpentry (App 1-4)	24.0	114,139	4,756	
	Early Childhood Development	40.0	158,987	3,975	
	Computer Science Technology	45.0	149,100	3,313	
	Engineering Science Technology	20.0	134,296	6,715	
	Travel Consultant	20.0	95,600	4,780	
	Welding (App 1-3)	18.0	132,006	7,334	
	Fine and Performing Arts	120.0	506,500	4,221	
	Motor Mechanic (App 1-4)	18.0	126,961	7,053	
	Drafting Technology - Year 1	20.0	106,300	5,315	
	Expansion of Nursing	24.0	462,200	19,258	
	Transitional Vocational (VRDP)[2])	12.0	94,998	7,917	- Funded by Alberta Career Development and Employment

APPENDIX E

PUBLIC COLLEGES AND TECHNICAL INSTITUTES

NEW PROGRAM GRANTS RECORDED AS SUCH IN 1984-85 (continued)

College	New Program	1984-85 Funded FTE	$ 1984-85	$/FTE	
Mount Royal College	Transitional Vocational	30.0	167,400	5,580	
	Music Performer	55.0	120,445	2,190	
	Early Childhood Education	60.0	72,267	1,204	
	Correctional Officer	6.75	30,374	4,500	
	Rehabilitation Services	95.0	217,600	2,291	
	Occupational Hygiene	20.0	86,250	4,313	
	Nursing Expansion	80.0	1,053,100	13,164	
	Post Basic Mental Health Nurse	10.0	195,700	19,570	
Olds College	Meat Processing & Cutting	7.5	26,498	3,533	
	Heavy Duty Mechanic (App 3-4)	24.0	118,800	4,950	
	Land Agent	40.0	212,197	5,305	
	Welding (App 1-3)	24.0	135,400	5,642	
	Landscape Gardener	6.0	48,000	8,000	
	Transitional Vocational (VRDP)[2])	15.0	155,211	10,347	- Funded by Alberta Career Development and Employment
Red Deer College	Early Childhood Development	72.0	124,123	1,724	
	Transitional Vocational	12.0	100,400	8,367	
	Pharmacy Assistant	40.0	198,744	4,969	
	Biological Sciences Technology	20.0	157,755	7,888	
	Music Diploma	25.0	264,000	10,560	
	Computer Systems Technology	45.0	217,400	4,831	
	Teacher's Aide	30.0	28,903	963	
	Plumber (App 1-4)	36.0	268,391	7,455	
	Carpenter (App 1-4)	64.0	373,089	5,830	
	Electrician (App 1-4)	48.0	288,913	6,019	
	Heavy Duty Mechanic (App 1-4)	30.0	180,273	6,009	
	Motor Mechanic (App 1-4)	60.0	369,091	6,151	
	Sheet Metal Worker (App 1-4)	15.0	183,622	12,241	
	Sprinkler Fitter (App 1-4)	24.0	54,200	2,258	
	Welder (App 1-3)	30.0	164,902	5,497	
	Auto Body Mechanic (App 1-3)	21.0	233,215	11,105	
	Nursing Expansion	24.0	473,600	19,733	

APPENDIX E
PUBLIC COLLEGES AND TECHNICAL INSTITUTES
NEW PROGRAM GRANTS RECORDED AS SUCH IN 1984-85 (continued)

Technical Institute	New Program	1984-85 Funded FTE	$ 1984-85	$/FTE
NAIT	Power Engineering CML/Tutorial Project	282.0[3]	156,905	556 headcount
SAIT	Power Engineering CML/Tutorial Project	125.0[3]	109,100	873 headcount
	Process Operator	20.0	60,958	3,048
	Power Lineman/Power Electrician (App)	22.5	82,188	3,653
	Instrument Mechanic App.	25.0	218,800	8,752
	Transport Refrigeration Mechanic (App)	9.0	47,610	5,290
	Retail Meatcutting	12.0	54,652	4,554
	Gasfitter (App)	12.0	36,300	3,025
	Millwright (App 2-4)	45.0	269,316	5,985
	Insulator (App 3-4)	24.0	109,348	4,556
Westerra	Water & Wastewater Operator	30.0	195,425	6,514
	Steel Fabricator (App 1-3)	12.0	102,237	8,520
	Electrician (App 1-4)	65.0	402,060	6,186
	Printing & Graphic Arts (App 1-4)	80.0	287,141	3,589

NOTE: 3) NAIT and SAIT's Power Engineering CML/Tutorial Projects utilize headcount not FTE.

APPENDIX F
ILLUSTRATIVE FORMAT FOR PUBLISHING OPERATING GRANTS IN FUTURE ANNUAL REPORTS

TABLE F.1
1986-87 MINISTERIAL OPERATING GRANTS
($000)

	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	Banff Centre
REGULAR OPERATING GRANT					
Previous Years' Base[1])	197,514.6	114,674.3	19,923.8	12,552.5	10,538.7
Special Circumstances[2])	3,375.0	1,875.0	1,215.0	53.0	465.7
New Programs to Base	449.4	143.4	—	—	—
Sub-Total	201,339.0	116,692.7	21,138.8	12,605.5	11,004.4
Provision for Economic Adjustment	8,053.6	4,667.7	805.5	504.2	440.2
New Space	175.0	476.5	199.6	—	—
Sub-Total (1)	209,567.6	121,836.9	22,143.9	13,109.7	11,444.6
TRADES AND MANPOWER GRANTS					
Manpower Core	—	—	—	—	—
Programs	—	—	—	—	--
Sub-Total (2)	—	—	—	—	—
NEW PROGRAM CONDITIONAL GRANTS (3)	7,720.6	2,500.5	1,660.2	1,525.5	--
SUPPLEMENTARY ENROLMENT FUNDING (4)	4,070.3	3,538.8	1,070.4	938.3	--
TOTAL 1986-87 OPERATING GRANTS (1)+(2)+(3)+(4)	221,358.5	127,876.2	24,874.5	15,573.5	11,444.6
(1) Includes Provisional Funding	4,006.2	2,292.5	416.5	274.9	206.3
(2) Includes Capital to Operating Conversion for Items Under $500	3,375.0	1,875.0	215.0	53.0	465.7

TABLE F.2
1986-87 MINISTERIAL OPERATING GRANTS
($000)

	ACA	Fairview	Grande Prairie	Grant MacEwan	Keyano	Lakeland	Lethbridge	Medicine Hat	Mount Royal	Olds	Red Deer
REGULAR OPERATING GRANT											
Previous Years' Base[1]	4,212.6	5,560.4	6,993.8	14,890.6	10,901.7	9,180.3	9,715.6	7,503.4	19,491.0	8,108.4	10,819.8
Special Circumstances[2]	103.4	648.0	328.6	570.0	492.0	283.5	352.5	261.0	942.0	436.5	487.2
New Non-Trade Programs to Base	—	—	—	—	—	—	276.1	—	—	—	—
Sub-Total	4,316.0	6,208.4	7,322.4	15,460.6	11,393.7	9,463.8	10,344.2	7,764.4	20,433.0	8,544.9	11,307.0
Provision for Economic Adjustment	172.6	248.3	292.9	618.4	455.8	378.6	413.8	310.6	817.3	341.8	452.3
New Space	48.4	35.8	335.0	883.5	—	537.7	—	—	677.4	564.9	183.2
Special Circumstances	300.0	—	—	—	26.0	—	—	—	—	—	—
Sub-Total (1)	4,837.0	6,492.5	7,950.3	16,962.5	11,875.5	10,380.1	10,758.0	8,075.0	21,927.7	9,451.6	11,942.5
TRADES AND MANPOWER GRANTS											
Manpower Core	—	125.9	493.3	24.8	398.2	224.5	575.5	493.3	16.4	117.3	288.1
Programs	—	989.0	720.8	—	582.2	1,001.5	1,276.0	693.9	—	220.8	2,525.0
Sub-Total (2)	—	1,114.9	1,214.1	24.8	980.4	1,226.0	1,851.5	1,187.2	16.4	338.1	2,813.1
NEW NON-TRADE PROGRAM CONDITIONAL GRANTS (3)	—	524.7	731.1	453.4[3]	138.6	106.1	715.3[3]	98.8	519.7	479.7	113.4
SUPPLEMENTARY ENROLMENT FUNDING (4)	—	292.8	482.2	1,015.8	319.8	552.6	717.2	656.4	765.8	257.0	1,021.1
TOTAL 1986-87 OPERATING GRANTS (1)+(2)+(3)+(4)	4,837.0	8,424.9	10,377.7	18,456.5	13,314.3	12,264.8	14,042.0	10,017.4	23,229.6	10,526.4	15,890.1
1) Includes Provisional Funding	84.6	132.6	173.0	296.5	232.8	196.3	237.4	169.6	390.2	171.1	263.0
2) Includes Capital to Operating Conversion for Items Under $500	3.4	648.0	328.6	570.0	492.0	283.5	352.5	261.0	942.0	436.5	487.2
3) Includes Special Funding (Consumer Education)				240.2			49.1				

TABLE F.3
1986-87 MINISTERIAL OPERATING GRANTS
($000)

	NAIT	SAIT	Westerra
REGULAR OPERATING GRANT			
Previous Years' Base[1]	57,553.6	50,211.0	3,186.4
Special Circumstances[2]	1,290.0	1,051.1	112.5
New Programs to Base	—	378.7	—
Sub-Total	58,843.6	51,640.8	3,298.9
Provision for Economic Adjustment	2,353.8	2,065.6	132.0
New Space	—	137.2	—
Sub-Total (1)	61,197.4	53,843.6	3,430.9
TRADES AND MANPOWER GRANTS			
Manpower Core	—	—	—
Programs	—	—	1,809.4
Sub-Total (2)	—	—	1,809.4
NEW PROGRAM CONDITIONAL GRANTS (3)	286.9	640.8	640.5
SUPPLEMENTARY ENROLMENT FUNDING (4)	322.5	296.0	—
TOTAL 1986-87 OPERATING GRANTS (1)+(2)+(3)+(4)	61,806.8	54,780.4	5,880.8
1) Includes Provisional Funding	1,133.9	980.4	107.2
2) Includes Capital to Operating Conversion for Items Under $500	1,290.0	1,051.1	112.5

BIOGRAPHICAL NOTE

J. Stefan Dupré has been a professor of political science at the University of Toronto since 1963 and has served as a member or chairman of about a dozen federal and provincial councils, commissions and task forces. He was the founding chairman of the Ontario Council on University Affairs, created in 1974 as the agency charged with advising the Government of Ontario on the funding of the fifteen universities in the province. In Ottawa he has been a member of the National Research Council and of the Social Sciences and Humanities Research Council of Canada. He is also the co-author of a book concerning federal manpower training policies and community colleges. Dr. Dupré is a past president of the Institute of Public Administration of Canada, a recipient of the Institute's Vanier Medal and an Officer of the Order of Canada. He received a Ph.D. in political economy from Harvard University in 1958 and holds honorary degrees from Laval, McMaster and the University of Ottawa.

ISBN 0-7732-0151-3